

of the United States to enact legislation forbidding the sale of flags of the United States manufactured abroad in this country; to the Committee on Labor.

523. By Mr. LINDSAY: Petition of Eberhard Faber Pencil Co., Brooklyn, N.Y., favoring the passage of House bill 3677; to the Committee on the Judiciary.

524. Also, petition of Motion Picture Theater Owners of America, New York City, opposing House Resolution No. 95; to the Committee on Rules.

525. Also, petition of American Safety Razor Corporation, Brooklyn, N.Y., favoring restoration of 2-cent letter postage; to the Committee on Ways and Means.

526. Also, petition of International Brotherhood of Bookbinders, Washington, D.C., concerning the 30-hour week bill to include newspapers and periodicals; to the Committee on Labor.

527. By Mr. RUDD: Petition of American Safety Razor Corporation, Brooklyn, N.Y., favoring restoration of the 2-cent letter postage; to the Committee on the Post Office and Post Roads.

528. Also, petition of International Brotherhood of Bookbinders, favoring the passage of the Black-Connery bills, S. 158 and H.R. 4557, with certain amendments; to the Committee on Labor.

529. Also, petition of Eberhard Faber Pencil Co., Brooklyn, N.Y., favoring the passage of House bill 3677, with certain amendments; to the Committee on the Judiciary.

530. Also, petition of Motion Picture Theatre Owners of America, New York City, opposing the passage of House Resolution 95; to the Committee on Rules.

531. By Mr. SEGER: Petition of Garret A. Hobart and William Paterson Chapters, Daughters of the American Revolution, Paterson, N.J., opposing recognition of Soviet Russia; to the Committee on Foreign Affairs.

532. By Mr. SINCLAIR: Petition of Holiday Association of Crosby, N.Dak., urging the immediate passage of legislation to refinance farm indebtedness under the provisions of the Frazier bill or a similar proposal; to the Committee on Agriculture.

533. By Mr. TAYLOR of Colorado: Resolution of the county chamber of commerce of Montrose, Colo., urging the larger use of silver in the monetary system of the United States on the present basis of ratio of coinage; to the Committee on Coinage, Weights, and Measures.

SENATE

FRIDAY, APRIL 14, 1933

(Legislative day of Tuesday, Apr. 11, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 4795) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (H.J.Res. 152) to provide for the payment of pages for the Senate and House of Representatives for the first session of the Seventy-third Congress, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, I note the absence of a quorum and request a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Pope
Ashurst	Costigan	Kendrick	Reed
Austin	Couzens	Keyes	Reynolds
Bachman	Cutting	King	Robinson, Ark.
Bailey	Dickinson	La Follette	Robinson, Ind.
Bankhead	Dieterich	Lewis	Russell
Barbour	Dill	Logan	Schall
Barkley	Duffy	Loneragan	Sheppard
Black	Erickson	Long	Shipstead
Bone	Fess	McAdoo	Smith
Borah	Fletcher	McCarran	Steiger
Bratton	Frazier	McGill	Stephens
Brown	George	McKellar	Thomas, Okla.
Bulkeley	Glass	McNary	Thomas, Utah
Bulow	Goldsborough	Metcalf	Townsend
Byrd	Gore	Murphy	Trammell
Byrnes	Hale	Neely	Vandenberg
Capper	Harrison	Norbeck	Van Nuys
Caraway	Hastings	Norris	Wagner
Carey	Hatfield	Nye	Walcott
Clark	Hayden	Overton	Walsh
Connally	Hebert	Patterson	Wheeler
Coolidge	Johnson	Pittman	White

Mr. LEWIS. I wish to announce that the Senator from Maryland [Mr. TYDINGS] is necessarily detained from the Senate today.

Mr. REED. I wish to announce that my colleague [Mr. DAVIS] is still detained from the Senate on account of illness.

The VICE PRESIDENT. Ninety-two Senators having answered to their names, a quorum is present.

INTERNATIONAL PARLIAMENTARY CONFERENCE ON COMMERCE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, referring to his letter of March 27, 1933, concerning an invitation to the Eighteenth Plenary Assembly of the International Parliamentary Conference on Commerce to be held at Rome beginning next week, and transmitting copy of a pamphlet entitled "Rapports et Notices Relatifs aux Questions Inscrites a son Programme" (Reports and Notices Relating to Questions Included in the Program), which, with the accompanying pamphlet, was referred to the Committee on Foreign Relations.

FUNCTIONS OF THE PANAMA CANAL (S.DOC. NO. 26)

The VICE PRESIDENT laid before the Senate a letter from the Governor of the Panama Canal, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a detailed report of the functions of the Panama Canal, the statutory authority therefor, the total annual expenditures, etc., which, with the accompanying report, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE PANAMA RAILROAD CO. (S.DOC. NO. 27)

The VICE PRESIDENT laid before the Senate a letter from the president of the Panama Railroad Co., submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a detailed report of the functions of the company, the statutory authority therefor, the total annual expenditures, etc., which, with the accompanying report, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted at the third annual meeting of the Texas Livestock Marketing Association, at Fort Worth, Tex., endorsing the Agricultural Marketing Act and the work of the Federal Farm Board, and urging the retention of said act and the continuation of its administration under the Federal Farm Board, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted at the third annual meeting of stockholders of the National Finance Credit Corporation of Texas, at Fort Worth, Tex., endorsing the present set-up of the livestock credit corporations provided by the Agricultural Marketing Act and operated and administered under the Federal Farm Board, and favoring the continuation and strengthening of the livestock credit corporations provided by the Agricultural Marketing Act and also the retention of said act and of the Federal Farm Board, which was ordered to lie on the table.

Mr. TOWNSEND presented the following concurrent resolution of the Legislature of the State of Delaware, which was referred to the Committee on Agriculture and Forestry:

ONE HUNDRED AND FOURTH GENERAL ASSEMBLY,
STATE OF DELAWARE.

House Concurrent Resolution 27

We hereby certify that the enclosed is the same house concurrent resolution as was passed in regular session by both houses of the one hundred and fourth general assembly.

J. THOMAS ROBINSON,
Speaker of the House.

W. A. SUNONTON,
President Pro Tempore of the Senate.

We hereby certify that the enclosed house concurrent resolution is properly backed, stamped, and sealed, and is the same house concurrent resolution as above certified to.

OWEN K. MOORE,
Bill Clerk of the House.
KARLENE H. CARPENTER,
Bill Clerk of the Senate.

Certified with—

EDWIN E. SHALLCROSS,
Clerk of the House.
WM. P. SHORT,
Secretary of the Senate.

House Concurrent Resolution 27

Whereas the Congress of the United States has authorized the President to revise all appropriations for the operation of the Federal Government; and

Whereas information has been received that in such revisions there is a possibility that all Federal aid to the States be discontinued; and

Whereas if such Federal aid were discontinued such action would seriously impair, and possibly eliminate, some important functions of State government in the State of Delaware; and

Whereas these said functions are of vital concern to the agriculture of the State of Delaware, inasmuch as elimination of all Federal aid for experiment stations would probably cause the closing of the agricultural experiment station of the State of Delaware; elimination of Federal aid for cooperative extension work in agriculture and home economics would cause the disintegration of that work; the elimination of Federal grants for education in agriculture and mechanic arts would probably result in the abolishment of the School of Agriculture in the University of Delaware; and elimination of all Federal grants for vocational agriculture would seriously cripple the vocational school work in the State; and

Whereas the agricultural population would be deprived of all assistance, guidance, and instruction in their farming operations at a time when such assistance, guidance, and instruction is of paramount importance to their welfare; and

Whereas the State of Delaware is financially unable to replace Federal grants in aid by State funds: Be it

Resolved, That we, the General Assembly of the State of Delaware, do hereby petition and implore Hon. Franklin D. Roosevelt, President of the United States, that complete elimination of Federal grants to States for teaching, research, and extension work in agriculture does not take place. We petition that the President of the United States give serious consideration to the fact that abolishment of all Federal grants to the States might result in destroying the School of Agriculture of the University of Delaware and the cessation of all its functions, including research, experimentation, extension work, and collegiate instruction in the science and art of agriculture, and that the elimination of aid from the School of Agriculture of the University of Delaware would work an undue hardship upon farmers and the agricultural industry of Delaware.

That a copy of this resolution be sent to the President of the United States and to each United States Senator and Representative in Congress from the State of Delaware.

BANKING, CURRENCY, AND SILVER PROBLEMS

Mr. COSTIGAN. Mr. President, the disturbed economic conditions have resulted in numerous memorials, resolutions, and other communications designed to advise the Congress of the judgment of different citizens on remedies to be applied by Federal legislation. Such communications are entitled to suitable reference and record. Accordingly, I send to the desk and ask to have placed in the RECORD and appropriately referred two joint memorials of the Colorado Legislature, one on farm conditions and the other with respect to the production of nonmetallic minerals; a petition of some 66 citizens of Boone, Colo., on banking and currency problems, and resolutions on the remonetization of silver received, respectively, from the council of the city and county of Denver, the Junior Chamber of Commerce of Boulder, and the Montrose County Chamber of Commerce, of Montrose, Colo.

There being no objection, the memorials, resolutions, etc., presented by Mr. COSTIGAN, were received, ordered to be noted in the RECORD, and referred as follows:

To the Committee on Appropriations:

A joint memorial of the Legislature of the State of Colorado, favoring the making of appropriations for the Mineral Leasing Division of the United States Geological Survey sufficient to enable the division to function efficiently for the protection of the oil, gas, coal, and nonmetallic mineral resources of the Western States. (See joint memorial printed in full when laid before the Senate by the Vice President on the 10th instant, p. 1408, CONGRESSIONAL RECORD.)

To the Committee on Banking and Currency:

A joint memorial of the Legislature of the State of Colorado, favoring the passage of the so-called "Frazier farm relief bill" for the refinancing of farm mortgages. (See joint memorial printed in full when laid before the Senate by the Vice President on Feb. 27, 1933, p. 5065. CONGRESSIONAL RECORD, 72d Cong., 2d sess.);

A petition of sundry citizens of Boone, Colo., praying for the retirement, by graduated tax, of all private bank notes emitted by private corporations and circulated as currency, and the issuance in their stead of United States notes in amounts sufficient for the useful ends of a representative currency, and the establishment of United States banks as banks of deposit and exchange for the transaction of the business of the people, to the end that the Government shall have and maintain absolute control over the issue and circulation of the medium of exchange;

A resolution of the mayor and Board of Councilmen of the City and County of Denver, Colo., favoring the passage of legislation providing for the free and unlimited coinage of silver on a correct ratio with gold;

A resolution of the Boulder (Colo.) Junior Chamber of Commerce, favoring the passage of legislation remonetizing silver at a ratio of not less than 30 to 1 in its relationship to gold, and the establishment of silver currency as legal tender; and

A resolution of the Chamber of Commerce of Montrose, Colo., favoring the passage of legislation to secure a larger use of silver in the monetary system on the basis of the present ratio of coinage.

6-HOUR DAY AND 5-DAY WEEK

Mr. BORAH. Mr. President, I present and ask to have inserted in the RECORD a telegram from the Idaho Mining Association relative to the so-called "30-hour week bill", and ask that it be printed in the RECORD and lie on the table.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

WALLACE, IDAHO, April 14, 1933.

Senator WILLIAM E. BORAH,

Senate Office Building, Washington, D.C.:

I am mailing to you and to the other Idaho representatives in Congress and to Secretary of Labor Perkins a protest against what we understand to be the provisions of the bill presented by Senator BLACK, of Alabama, providing for a 30-hour week and a 6-hour daily shift in industry, which would include mining. We are not objecting to the 30- or 32-hour week, but we are objecting to the establishment of a 6-hour day, which would result in very substantial increase in operating cost, especially in those branches of the mining industry which are carried on 24-hour basis. These industries are now operating without profit and for the benefit of the community, consequently to the injury of the owner. A 6-hour day would necessarily result in a very substantial reduction in the daily wages of those occupied in that portion of the industry which is carried on for the full 24 hours daily or the extra cost would be of such a substantial amount that there is grave risk it would result in the suspension of some of these operations.

IDAHO MINING ASSOCIATION,
L. E. HANLEY, President.

HOSPITAL TRANSFERS OF VETERANS

Mr. LEWIS. Mr. President, I tender a telegram from the Governor of the State of Illinois, addressed to me, and ask that it may be inserted in the RECORD, because it contains information on an important public subject.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

SPRINGFIELD, ILL., April 13, 1933.

Senator JAMES HAMILTON LEWIS,

Washington, D.C.:

Orders issued by Hines, Federal Veterans Administrator, directs immediate transfer compensable veterans' cases from State institutions to Hines Hospital. Representatives State Department, American Legion, and National Rehabilitation Committee desire to present facts to you as quickly as possible. Urgently request you contact President immediately, obtaining deferring of carrying out order transferring these patients pending opportunity to present facts to him. This request made for our department, public welfare, and official representatives of Legion. Representatives of State and National Legion will be in Washington any time you will see them to give you the details. Am therefore asking that you permit them to see you at once. It is felt that the proper care of many invalided veterans and the peace of mind of their families are at stake. Please answer.

HENRY HORNER, Governor.

REFINANCING OF AGRICULTURAL INDEBTEDNESS

Mr. FRAZIER. Mr. President, I ask unanimous consent to have published in the RECORD and appropriately referred, a resolution adopted by the North Dakota Holiday Association.

There being no objection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

We urge Congress to immediately pass legislation for the refinancing of the farm indebtedness under the provisions of the Frazier bill, or similar legislation. In any event the interest rate and amortized payments should not exceed 3 percent interest. The business of financing should come directly from the Government without the intervention of banking racketeers to add more to the farmers' interest rate.

We demand the immediate removal from their positions of all the present officers of the Federal Land Bank of St. Paul and a thorough checking and house-cleaning in every department of that institution, and the immediate appointment of new, fair, able, and courteous men to take charge of the Federal Land Bank of St. Paul, to the end that this bank may regain the good will and confidence of the general public and again be made to function as it should and deal with borrowers in a human, civil, and businesslike way. We urge the President and Congress to insist that all agencies hereafter organized to distribute Government finance or any other benefit to the farmers shall be placed in the hands of competent, public-spirited men, and that no banker be ever allowed to see the inside of any such agency. We declare that during our lifetime we have never known of a competent banker who was a public-spirited citizen. They should not be allowed to ever be connected with or interested in any finance plan intended to aid farmers.

We condemn the practice of appointing reactionary ex-bankers and others who have heretofore only exploited the farmers to act in set-ups to carry out laws now enacted and intended to help and benefit farmers, and point out the futility and uselessness of passing progressive and helpful laws for agriculture only to leave their execution to petty reactionaries who will not carry out such laws either in letter or spirit.

We commend Governor Langer for his debt and foreclosure moratorium proclamation of March 22, 1933, and recommend that it be continued in force at least until November 1, 1934. We call attention to the Debt Adjustment Act of the Province of Saskatchewan, Canada, providing for a debt moratorium, and which does not terminate until March 1, 1936. We submit that conditions are so bad in North Dakota that it will also take years for our people to stage a financial come-back.

We direct that copies of this resolution be furnished President Roosevelt, United States Senators Lynn J. Frazier and Gerald P. Nye, Congressmen J. H. Sinclair and William Lemke, Gov. William Langer, members of the President's Cabinet, and be given publication.

The foregoing is a true copy of a resolution passed unanimously on April 7, 1933, at a considerable gathering of members of the North Dakota Holiday Association held at the courthouse at Crosby, N.Dak.

Dated April 8, 1933.

OLAF BRAATLIE,

Acting Secretary,

General Counsel, North Dakota Holiday Association,

Post Office, Crosby, N.Dak.

Mr. SCHALL. Mr. President, I am in receipt of a letter which is self-explanatory and so apropos of the present discussion that I ask permission to have it put in the RECORD.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

ST. JAMES, MINN., April 7, 1933.

Senator THOMAS SCHALL,

Washington, D.C.

DEAR SENATOR: Due to the present conditions I feel that something should be done to refinance the agricultural indebtedness, and something more should be done to encourage agriculture. The poor farmers are having a terrible time and we can notice it more than anyone else here at the courthouse. They cannot meet

their taxes nor their interest, and day by day farms are taken away from good, old, reliable farmers that have spent a lifetime on the farm. Farmers who have worked hard and faithful but have had a great deal of sickness, and what you might call real hard luck in farming due to unknown conditions, and now they are relieved of their small holdings due to interest and taxes.

I think that the Frazier bill would be a great help to the farmers, although I do think that a board could be omitted as some officer in the courthouse could act as such along with his other duties.

I know of a case that was foreclosed on last year and the time for redemption is soon up. This is one of the finest farms in Watonwan County and owned by Casper Brackelsberg, of Riverdale. This is the old homestead that his father proved up on. They had a family and some of them were not so well and Mr. Brackelsberg was forced to leave the farm, after he had drained it completely and built up a fine lot of buildings for which he had to go in debt for, then the hard times came along and Mr. Brackelsberg could not make his interest payments, and just as soon as the interest date passed they started foreclosure as it was a wonderful farm to get for that amount of money. Here he is old, his earning days are over, and he is losing that which he holds so dear, the "old home farm." This is just one case, we have lots of them, and it seems to me that for the good of our country (and we will always have the farmer if the rest of the world expects to survive) some legislation should be passed to help these cases.

The farmers in this great State are looking to you men for help and we hope that you will do something soon.

Yours truly,

J. E. SETRUM, County Auditor.

AGRICULTURAL EDUCATION

Mr. SCHALL. Mr. President, I ask to have printed in the RECORD a letter from H. F. Betsinger, of Annandale, Minn., setting forth some thoughts I believe worthy of being given notice. I also ask to have printed in the RECORD the extract from the letter of President Roosevelt, to which reference is made by Mr. Betsinger, and that both letters may be appropriately referred.

There being no objection, the letters were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

ANNANDALE, MINN., April 8, 1933.

Hon. THOMAS SCHALL,

Senator, Washington, D.C.

DEAR MR. SCHALL: Your stand on legislative matters has been very gratifying, and I commend your actions.

I add my protest to that voiced by Ed. O'Neal, President of the American Farm Bureau Federation, in regard to the drastic economy proposed by the Director of the Budget, cutting aid for agricultural education. Curtailment of the extension service, experiment stations, agricultural colleges, and vocational agricultural education would be out of line with the policy of President Roosevelt, as stated in a letter of his to the Progressive Farmer. Copy of said letter enclosed.

I agree with Mr. O'Neal in that deflation has gone far enough, and that it is time for work to be begun to establish a stable dollar. When college-trained teachers in our local consolidated school are hired at \$60 a month, a reduction of 50 percent in the last 2 years, we have only one illustration. And this in the face of rising commodity prices.

You have the backing and best wishes of your constituency in your endeavors to help right the social and economic situation. The people are expecting much and should not be disappointed.

Respectfully yours,

H. F. BETSINGER.

"A FRIEND AT COURT"

"I believe thoroughly in agricultural education. I regard it as one of the most important and essential branches of the whole educational effort that is being carried on in the United States. I am a firm believer also in the value of the cooperative research and experimental work and the extension service which State institutions in cooperation with the Federal Government are rendering.

"I think it would be nothing short of a disaster if any of this work were seriously curtailed. Particularly in these times when farmers are having such a desperate struggle to maintain themselves. I think it supremely important that they should have the benefit of the expert advice that colleges, experiment stations, and extension services are able to give them, and it is equally important that we should continue to hold out to their children opportunities for an education that will make them something more than field drudges.

"What I have said with respect to the agricultural colleges and their allied services applies with equal force to the lesser schools of agriculture and to the agricultural education now being carried on with such excellent promise in consolidated high schools in the rural communities.

"I am glad that I have the opportunity of expressing myself on this subject, on which I have very strong convictions." (President-elect Franklin D. Roosevelt in a letter to the editor of the Progressive Farmer.)

FOREIGN DOLLAR BONDS IN DEFAULT WITH INTEREST

Mr. FLETCHER presented a statement of the American Council of Foreign Bondholders, Inc., by Max Winkler, president, New York City, N.Y., which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

[Letter No. 25]

New York City, April 5, 1933.

FOREIGN DOLLAR BONDS IN DEFAULT WITH INTEREST—PART II

Analysis of foreign dollar debt in default with interest payments demonstrates that about 44 percent of the total amount outstanding is contained under the head of national government issues; 18½ percent is provincial and 13½ percent municipal government debt; 8 percent are bank loans; and 16 percent are bonds sponsored by institutes and corporations, including railroads. Perhaps the most discouraging feature of the situation is that so large a proportion of the whole should be national or federal government obligations, since evidently the superior resources of supreme powers should enable them to continue payments after political subdivisions and corporations give up the struggle and confess their insolvency.

In Argentina, Colombia, Austria, and Hungary the National Governments have hitherto been able to pay interest in cash on their debts by the sacrifice of provincial, municipal, and corporation credit, using as a weapon their power to control foreign-exchange transactions. Generally speaking, this attitude has been defensible, but some injustice was inevitable. There are Provinces and cities in South America which could resume payment of bond service tomorrow if permitted to do so, and bondholders who carefully and skillfully selected the obligations of those political subdivisions for investment have good reason to feel aggrieved.

Such exercise of arbitrary power on the part of executives may have the effect to curtail or put a stop to the offerings of provincial and municipal loans in this market when foreign government financing recommences, as it certainly will, at least for South and Central America. This change will be welcome to national executives, who have always deplored the constant drain on trade balances caused by remittances of provincial foreign bond service and the loss of prestige when a city or a Province has defaulted in the past.

Foreign dollar bonds in default with interest payments, Mar. 1933

	Outstanding	Total outstanding	Originally issued
National governments:			
Chile.....	\$175,405,000		
Brazil.....	144,672,500		
Peru.....	87,210,000		
Russia.....	75,000,000		
Bolivia.....	59,422,000		
Yugoslavia.....	43,834,000		
Greece.....	36,518,500		
Bulgaria.....	16,988,500		
Salvador.....	12,663,000		
Costa Rica.....	7,198,000		
		\$638,881,500	\$710,062,000
Provincial governments:			
Brazil.....	119,619,300		
Argentina.....	78,855,500		
Colombia.....	61,172,500		
Austria.....	16,056,400		
		275,703,700	321,118,500
Municipal governments:			
Brazil.....	66,943,500		
Hungary.....	32,152,000		
Austria.....	29,209,500		
Colombia.....	22,216,900		
Chile.....	20,459,000		
Argentina.....	10,647,500		
Uruguay.....	10,420,000		
Peru.....	2,887,000		
Germany.....	1,287,000		
		196,222,400	220,111,000
Banks:			
Chile.....	85,319,000		
Colombia.....	16,165,500		
Yugoslavia.....	10,693,500		
Hungary.....	9,382,000		
		121,560,000	134,900,000
Institutes and corporations:			
Sweden.....	144,006,000		
Chile.....	44,700,000		
Hungary.....	28,927,500		
Holland.....	9,600,000		
Austria.....	6,777,400		
Brazil.....	2,610,500		
Costa Rica.....	1,700,000		
		238,321,400	263,648,000
Total.....		1,490,689,000	1,649,839,500

NATIONAL GOVERNMENTS

If certain contingent liabilities of the 10 national governments in default were to be added to the sum of \$658,881,500 shown in the table as outstanding, the aggregate of Federal debt in default would be considerably greater, but although some of these items could more properly be classed under this heading in the case of bonds specifically guaranteed, confusion might be created

thereby, since the market knows most of these securities as bank and railroad obligations.

On the other hand, there are redeeming features regarding each of the nationalities here listed, except with respect to Chile, Peru, Russia, and Bolivia, seeing that all of the others are paying either in interest-bearing scrip, in currency, or by partial cash remittances.

The liabilities of national governments were discussed at more length in a previous bulletin, but the relative volume of each direct federal debt in default is here more clearly indicated, and is noteworthy.

Peru owes and defaults on just double the amount ascribed to Yugoslavia. Bolivia defaults on considerably more than Greece and Bulgaria combined. Russia and Brazil are in classes by themselves, since nobody knows what amount of debt could be usefully and comfortably carried by them if good government were assured for a decade. The Chilean National Government is in default on a total principal amount of \$260,724,000 if the guaranteed State Mortgage Bank loans are included. Compare with the other defaulting governments, most of whom have done something for the protection of bondholders.

PROVINCIAL GOVERNMENTS

Not every sovereign power permits its political subdivisions to contract foreign obligations. It is, therefore, not surprising that the provincial securities of only four nations are in default on their dollar loans.

In both Brazil and Colombia the respective States and Departments have always enjoyed extensive autonomy, which will probably be restricted in the future. Several of them are in serious difficulties, a condition which reflects adversely on national credit, and the federal governments are now in a position to exact a price for their assistance.

However, plans for a new foreign debt regime are complicated by the incidence that in each of those countries there is one political subdivision, more powerful, wealthy, and advanced than the others, which has plunged deeply into debt and, while demanding every particle of support that the federal government and legislature can bestow, defies interference with its domestic affairs.

San Paulo State in Brazil and Antioquia Department in Colombia merit the confidence of investors for their excellent past record and praiseworthy industrial progress. It may be taken for granted that they will eventually regain a measure of their past prestige, but it is devoutly to be hoped that resumption of payments by other provincial governments in Brazil and Colombia will not be retarded during the process of rehabilitation by these two politically predominant States.

A Government commission in Brazil is endeavoring to elaborate a scheme for nationalization of the State foreign debts, but nothing practical has resulted, although the commission has been in existence for a year. At least two of the States are evidently buying their own bonds in this market, and San Paulo proposes to use all available funds for this purpose, giving promissory notes for current service requirements.

Action by the Government of Antioquia may be delayed until settlement of the conflict with Peru.

Argentine provincial government debt has never been rated by competent observers at anything approaching the level of national Argentine credit. It was obvious 2 years ago that the brunt of financial strait would have to be borne by the Provinces in case full payment of bond service on all Argentine foreign obligations, funded and floating, should be found impossible to maintain.

The provincial debt of Austria is the least of that small republic's worries.

MUNICIPAL GOVERNMENTS

The aggregate of municipal foreign-dollar debt in default is large, owing to the relatively heavy indebtedness of four cities, namely, Rio de Janeiro, Vienna, Budapest, and San Paulo, on which nearly \$100,000,000 is outstanding.

It is a moot question whether the loans of capital cities in some countries should be considered national government debt. Argentina does so consider the obligations of Buenos Aires City, which is, of course, not in the Province of Buenos Aires. Rio de Janeiro, Santiago, and Lima are purely national strongholds. Bogota is technically in the Department of Cundinamarca, but manages its own affairs as the seat of the federal government. Vienna and Budapest are the essence of Austrian and Hungarian sovereignty.

There are four consolidated municipal loans in default. One of these, a Chilean obligation, is sponsored by 65 towns, and the number of cities and towns embellished at the cost of American bondholders runs well over 100, financed by 31 bond issues of 9 nationalities.

As a general rule the outlook for resumption of payments and permanence thereof is at least as good as, if not better than, by the provincial governments. There have been several instances of city councils protesting against a national embargo on remittances.

BANKS

Bank loans in default on dollar-interest payments number 18, but the enormous total outstanding debt of the Chilean Mortgage Bank, \$83,319,000, overshadows the rest, and is one of the most regrettable features of New York foreign financing.

These are direct Government loans, and could quite well be included under national government debts, but they were accepted by this market as bank loans and must be discriminated as such in order to avoid misunderstanding.

When Chilean credit began to wane under the weight of the dollar-debt pyramid, bankers asked for specific guaranties which

Chile, in its arrogance, refused to grant; but the Government was willing to guarantee the obligations of its own mortgage bank, and since a bank loan secured by the Government is practically the same thing as a Government loan secured by the State Mortgage Bank, the guaranty, although worthless, was accepted and proved more effective as a lure than as a safeguard.

Three Colombian banks which obtained loans in this market, and which are now in default, may resume payments on a reduced schedule earlier than the provincial governments. Bank of Colombia, Mortgage Bank of Colombia, and Mortgage Bank of Bogota are highly respected institutions in Colombia, and the first named has good foreign connections.

Principal and interest of State Mortgage Bank of Yugoslavia is guaranteed by the Government under the laws of its organization.

All Hungarian banks which have been financed in this market are old-established concerns, which may be trusted to honor their obligations, at least in part, as soon as economic conditions of the country permit them to remit bond service.

INSTITUTES AND CORPORATIONS

If from the total of \$238,321,400, principal amount of 16 loans, are deducted the Swedish Kreuger defaults and the debts of two Chilean nitrate plants, only \$49,615,000 would remain under this heading.

Creditors of the match concerns may at least feel assured that the Swedish Government and the receivers will do their utmost to secure for them the available assets.

The Anglo-Chilean and Lautaro Nitrate Corporations are respectable business entities, which have been well managed in the past. Unfortunately, the whole nitrate situation is inextricably mixed up with the Chilean Government insolvency and fiscal disorder, or these immense organizations, which have been thoroughly modernized, would be able to pay some bond interest even now.

Hungary is the only other debtor of over \$10,000,000 in this category. The item is composed exclusively of institutions which bear a strong resemblance to mortgage banks under another name.

Brazil and Costa Rica are represented by two railroads. The Paulista Railway, of San Paulo, Brazil, is a splendid property, efficiently managed, about which bondholders need have no anxiety beyond their participation in the general disability arising out of temporary foreign-exchange restrictions. The Pacific Railway of Costa Rica 7½-percent bonds are a straight Government obligation, and are so treated in the funding plan of that Government.

GERMANY

It is needless to underestimate the consequences to the entire German economic structure, as well as to the country's relations with the rest of the world, of the policy pursued, or reported to be pursued, by the present German administration. While fundamental conditions in the Reich have improved to an appreciable extent, as evidenced by a number of barometric indices, the attitude maintained by the Nazi government may, unless arrested in time, have a profound effect upon German industry, commerce, finance, and politics. On the other hand, if the more rational element in Germany will analyze the existing conditions, and the results which Hitler's suicidal policy may have, a prompt change may be decided upon by the President of the Republic, who still has the power to dismiss the chancellor if he so chooses. Whether it is possible for Hindenburg to resort to such a step under the present conditions in Germany, with the Reichswehr apparently on the side of the Nazi chief, is something that cannot be answered at the moment with any degree of definiteness.

At any rate, the evaluation of German bonds today is rendered very difficult, because whatever judgment is handed down will have to be based upon sentiment and psychology rather than fundamentals. While the National-Socialist group has been, to a large extent, responsible for the success at Lausanne last summer, in connection with the virtual elimination of all reparations payments, it is to be regretted that Germany did not take advantage of the friendly feeling which seems to have been built up abroad, particularly in the United States. Public opinion might have aided Germany in achieving, in the realm of politics, what she has managed to accomplish in the field of finance. Reference is made to certain territorial adjustments in the East, which Germany is particularly anxious to achieve, and also to radical modifications of the Versailles Treaty. The Hitler policy is bound to render all this very difficult, if not altogether impossible.

The present activities of the Nazi regime are apparently designed to carry out some of the campaign promises which are scheduled to lead the nation to recovery, to prosperity, honor, and glory. Before very long, it should become clear whether these promises will materialize. Nobody knows. One thing, however, is certain. In the long run, logic and reason must gain the upper hand. What sacrifices Germany and the world may have to make before they will return is something that no one can state today with certainty.

So long as the situation will continue in its present state, German bonds, including those of the better class, are likely to display a downward tendency.

URUGUAY

The latest news from South America confirms our previously expressed fears. Whether developments in Uruguay will be followed by a complete suspension of payments by the Government is still too early to state. At any rate, quotations of obligations may be assumed to have discounted to an appreciable extent complete default. It is for this reason that we would advise retention of the Uruguay 6-percent bonds, but would recommend disposing of the

8's of 1946, largely because of the unwarranted discrepancy in quotations compared with other Uruguayan issues.

It may perhaps be of interest to learn that Uruguay's first loan in the American market synchronized with her default in regard to sinking-fund payments; this apparently did not deter us from calling upon the American public to take up Uruguayan issues. The liberality which characterized our lending to Uruguay may to some extent account for the indifference on the part of the Republic toward her foreign, including American, creditors. Uruguayan loans outstanding in the American market aggregated, as of January 1, 1933, almost \$65,000,000, which, if added to our so-called "direct investments" in the Republic, brings America's total stake up to well over \$90,000,000.

Another interesting point to which attention may be directed is the fact that while American investments in Uruguay increased most pronouncedly since the war, resulting in a marked advance in our trade with the Republic, the commercial development of the country has not been in proportion to the amount of American capital which had flowed into it. Furthermore, the existence of a trade balance favorable to the United States may well give rise to the question whether the sharp increase in the amount of American capital going into Uruguay was entirely warranted and whether Great Britain may not have proved a more logical place for our southern neighbor to seek financial accommodations. However, the British knew better.

COLOMBIA DECREES A MORATORIUM

Announcement on March 29 of a Colombian Government decree establishing a moratorium for interest payments on the national funded foreign debt caused a sharp break in Colombian 6's and Agricultural Mortgage Bank issues and softened the whole South American list.

April 15, when a coupon is payable on the Agricultural Mortgage Bank 6's of 1948, is the first date when this suspension can become effective, and if funds for this payment have already been remitted, there will be no actual default until July 1, when Government 6's of 1927-28 should yield the usual half-yearly interest quota.

While the text of the decree has not yet been promulgated here, a United Press dispatch quotes the Finance Minister as having stated that the Government is conducting conversations with foreign bankers seeking to arrive at an accord regarding the moratorium, which indicates that some satisfaction will be given to bondholders—possibly scrip payments of interest.

Another report claims that the decree also authorizes negotiation with the Government's creditors for modification of the terms as to interest, amortization, and the money in which debt service is to be payable.

In previous bulletins the Council warned bondholders of the dangerous situation created by the war with Peru, and also intimated that a scaling down of interest rates might be needful and would be advantageous to the creditors of Colombia, especially to holders of departmental and municipal bonds.

It is much to be regretted that the press of this country did not make vigorous protest against Peru's high-handed procedure in occupying Leticia in September of last year. Action by the League of Nations may still be effective to prevent a spread of hostilities to the coast, if the other Pacific powers of America will veto naval operations and support the League's dictum that Peru must withdraw from Leticia.

However, this intervention by the League came too late to save American investors from the obligation to finance a senseless and futile war. President Olaya has done his utmost to maintain interest payments on the national debt, but the Colombian people are now thoroughly roused and will insist on devoting all Government resources to defend the national territory.

Yearly interest on the outstanding principal amount of the six bond issues hitherto preserved intact by the Colombian Government, in regard to interest payments, totals \$4,106,355; and the sum of default will apparently be increased by \$67,716,500 later this year on account of this development alone.

AMERICAN COUNCIL OF FOREIGN BONDHOLDERS, INC.,
MAX WINKLER, President.

AFFILIATION OF MUTUAL SAVINGS BANKS WITH FEDERAL RESERVE SYSTEM

Mr. LONERGAN. Mr. President, I ask unanimous consent to have inserted in the RECORD and referred to the Committee on Banking and Currency a statement of the Mutual Savings Banks Association as to the affiliation of that class of banks with the Federal Reserve System as associate members.

There being no objection, the statement was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

METHOD OF ACCOMPLISHMENT

It is suggested that mutual savings banks be permitted to enter the system on a limited basis, as follows:

1. (a) Purchase stock in Federal Reserve System where permitted under existing State laws; where State laws do not permit stock investments, provide that mutual savings banks may make deposit with Federal Reserve bank equal to proper allotment of stock until permissive State legislation is enacted.

(b) Basis of stock allocation to be determined by obtaining average ratio of deposits to capital stock of member banks, and from this ratio, applied to deposits of mutual savings banks, develop a computed base.

2. Maintain a cash deposit with the Federal Reserve System equal to 2 percent of their total deposits as a maximum. Justification for the lower percentage than required of member banks is that the participation of benefits by mutual savings banks will be more limited and will not be constant, but merely utilized during emergency.

3. Maintain securities eligible for discount, such as governments, short term municipals, etc., equal to 8 percent of their deposits, to be utilized for advances from the Federal Reserve System in case of need.

4. During an emergency, permit additional advances up to six times the cash deposit by the use of 90-day notes secured to the satisfaction of the Federal Reserve bank by other high-grade bonds as collateral.

SUGGESTED AMENDMENTS OF BANKING LAWS WITH REFERENCE TO MUTUAL SAVINGS BANKS

The primary purpose of this memorandum is to present the facts which justify the affiliation of mutual savings banks with the Federal Reserve System as associate members, the method by which it could be accomplished, and the necessity for the extension of any Federal deposit insurance plan to include mutual savings banks in the event such plan applies to savings accounts of commercial banks.

Mutual savings banks, since they do not have capital stock, are not at present eligible for membership in the Federal Reserve System. These banks number 574, located in 18 States, with assets of \$11,180,208,996 and with 13,268,466 depositors, as of January 1, 1933. Most of them are in densely populated areas in the financial and industrial centers. Although of outstanding importance, in view of their volume of deposits and the number of depositors, they are entirely outside of the central banking system of the country, and have access to the Federal Reserve System only through correspondent banks which are members of the System. Their deposits are equal in volume to two thirds of the commercial deposits in all the banks of the United States.

As a rule mutual savings banks are not liquid to any considerable degree, since in their very nature they are community institutions and as a group have 54.6 percent of their deposits invested in mortgages on homes. The rest of the deposits are invested for the most part in Government and municipal and long-term bonds of the highest type. They have not sought high or speculative returns, but only stability and safety. These latter investments are sometimes termed "legals" because they are usually prescribed by State law.

Mutual savings banks are of a quasi-public character; they have no stockholders, but all their assets are held for the benefit of their depositors. Their object, as stated in some of the early charters, is to receive and safely invest the savings of mechanics, laborers, and others, thus affording to such persons the advantages of security and interest for their money, and in this way ameliorating the condition of the poor and laboring classes by engendering habits of industry and frugality. Its only object is the safe-keeping and provident investment of the funds of the depositors.

Depositors in mutual savings banks are generally the small savers of the country, who are accumulating funds for old age or special purposes. These total savings represent an average deposit of \$751.48 for approximately 1 out of every 9 people in the country. The very fact that they have deposits in such banks indicates their belief in the stability of the United States and in its ability to protect their savings.

In addition to advantages to small savers, mutual savings banks are an indispensable part of the country's economic structure. They provide funds for home owners at small or no expense, with the added benefit that ordinarily these mortgage loans can be continued or extended at no cost.

A splendid testimonial of the care exercised in making investments is to be found in the fact that, by and large, the mutual savings banks, as a group, have a long and noteworthy record for safety, with but comparatively few failures. In New York, for instance, with a total of 140 savings banks, there have been since 1844 only 3 of such banks closed with any losses to depositors and no closings since 1911, other than through mergers which produced no losses to depositors. In Connecticut, with its 75 mutual savings banks, 1 bank was closed in 1911, which paid 86 cents per dollar of deposit.

It is realized that perhaps the corporate powers exercised by the mutual savings banks are not entirely consistent with the original purposes of the Federal Reserve Act which was broadly designed to serve commercial banking and to remedy defects in our national banking system. The Federal Reserve System, however, has outgrown its original functions. The events of the past 2 years have shown the necessity for a strong, liquid, and efficient central banking system. It must formulate and guide the policies of the entire banking field. In order to function most efficiently in this respect, the Federal Reserve System should direct the policies of all banks in a general way, and, consequently, the law must be so framed as to permit banks to become members without undue hardships.

Recently much emphasis has been made to depositors generally of the desirability of membership in the Federal Reserve System and that members of the System have special advantages over banks which are not members. During the present period of extraordinary business depression and low level of public confidence, the nervousness has at times caused very great pressure,

and indeed runs, on mutual savings banks. To supply the currency necessary to meet the demands of the depositors, mutual savings banks have in some cases been compelled to sell prime securities on a demoralized market, thus sustaining considerable loss. Likewise, their demands on their correspondent commercial banks have imposed a very great strain on the commercial banks, which in some cases were under severe pressure for cash from other customers.

A most important justification of this proposal, in addition to stabilizing the banking situation, is one resting on the need for currency control. Due to the large volume of deposits and the great number of depositors whose tendency to hoard may be the greatest, the failure to affiliate the mutual savings banks with the central banking system presents a constant and recurring menace to the stability of the entire banking system and currency control. Bank runs are contagious; they lead to hoarding. Hoarding disturbs the whole currency balance. Savings-banks depositors are so numerous that it is important from the standpoint of preventing hoarding that the banks be put in a position to pay hysterical depositors. There is no way to check hoarding except by gaining confidence in banks. As a matter of psychology only those banks that can and do pay their depositors when they want to be paid gain and hold confidence.

It is suggested that the failure to adopt reasonable means to protect, in times of an extraordinary depression, the 13,000,000 depositors in mutual savings banks, may result in wrecking the remainder of our banking structure. These depositors must be protected, otherwise the deflation already being brought about by liquidation of commercial banks will be increased. These institutions perform a useful public service in that they absorb a substantial proportion of Government and municipal securities.

The inclusion of the mutual banks will not encumber the Federal Reserve System. As compared with other banking institutions the stability of the mutual savings banks is relatively high; consequently, no drastic expense would be required or undue burden imposed.

The fact that mutual savings banks are entirely outside the central banking system of the country is due to restrictions of law and not through choice. The laws of some States require savings banks to be mutual institutions, the primary idea being that an institution of this character should be in the hands of disinterested persons, the profits, after deducting necessary expenses, to inure wholly to the benefit of depositors. Obviously, this legal restriction should not be permitted to operate to the disadvantage of such banks.

Soon after its creation the Federal Reserve Board recognized the desirability of including mutual savings banks in the Federal Reserve System. In 1917 the Board recommended that the act be amended to authorize mutual savings banks to become associate members of the Federal Reserve System under prescribed conditions. In a press release the Board states further that if such an amendment is adopted, such banks should "be required to carry a reserve balance with the Federal Reserve bank against their time deposits in the same proportion as member banks and that accommodations proposed for mutual savings banks be limited strictly to the discount of their 30-day obligations." Subsequently the mutual savings banks themselves approved an amendment along these general lines. Apparently the recommendation was never pressed to a conclusion.

It is true that savings banks are theoretically protected to a certain degree by a notice clause. But during the past banking strain the savings banks generally did not require the observance of this clause, as such action would have added greatly to the general uneasiness and would have increased hoarding. It would also have tended to increase the strain brought upon member banks of the Federal Reserve System.

The statement is sometimes made by those not well informed that the mutual savings banks should not be treated as demand institutions. Whether or not from a theoretical standpoint they should operate more in the nature of an investment institution rather than as a demand bank is not important. The fact is that they have and do operate in that manner and a change cannot be made without serious disarrangement of our financial structure. A long period of transitory readjustment would be required.

METHOD OF ACCOMPLISHING AFFILIATION

An affiliation on a limited basis in the Federal Reserve System seems feasible. The following principles should be observed: Savings banks do not expect to obtain the benefits of the Federal Reserve System without accepting their proper share of responsibilities, depending upon extent of their participation. The Government is not expected to make special concessions to the mutual savings banks over other banks, but merely to provide for savings banks the same character of participation as is afforded other types of banking institutions.

As a suggested basis for the proposed affiliation each mutual savings bank might in addition to its till money maintain a cash deposit at the Federal Reserve bank in an amount of 2 percent of its deposits. The interest on this cash-reserve deposit would pay for the cost of the service rendered by the Federal Reserve bank. Justification for a smaller percentage cash deposit than for member banks is that the mutual savings banks would not participate in the benefits of the Federal Reserve System to the same extent as member banks. Stock subscription in Federal Reserve System is not possible under present restrictive law governing savings-bank investments.

Each bank might also be required to maintain on hand paper eligible for discount, largely securities of the Federal Government

and short-term municipals, in an amount of 8 percent of its deposits. As occasion might require, a mutual savings bank might deposit its eligible paper with the Federal Reserve bank for discount or for advances of currency. The provision for the use of eligible paper is precisely the same as for member banks.

In case the sum obtained by this method should not be sufficient to meet the continued demand for currency on the part of the bank's customers, the bank could present "legals" to the Federal Reserve bank as collateral in sufficient volume to secure from the total cash reserve with the Federal Reserve bank five times the volume of that bank's deposit with the Federal Reserve bank. This additional provision for the use of high-grade bonds as collateral is suggested only for emergency use, similar to that provided in the recent emergency banking legislation.

The necessity of maintaining the Federal Reserve banks in liquid condition is realized. The mutual banks do not advocate membership as a means of converting into currency long-term obligations, neither do they advocate the use of mortgages ordinarily as a basis for loans. Both types of security should be used only as collateral to 90-day notes during an emergency.

On a basis of demonstrated experience, the method outlined would produce an adequate amount to cover the demands brought about by any run on a bank. Most runs have been stopped before 15 percent of the deposits have been withdrawn. So far as is known, in only one case have the withdrawals exceeded that percentage.

Thus, under the proposed plan, a mutual savings bank would have available in cash or eligible paper 11 percent or 12 percent of its deposit liability. An advance of 10 percent by the Federal Reserve bank from the cash reserve against collateral of "legals" would make 21 percent or 22 percent of the bank's deposit liability available to the bank in cash. The cash reserve would be composed of 2 percent of the deposit liability if each mutual savings bank deposited in the Federal Reserve bank.

The value to the 13,000,000 depositors of mutual savings banks, in relieving them from apprehension, would be incalculable. It would further make the Federal Reserve System in fact the central banking system in the United States.

An additional benefit would result from membership on the above basis, because mutual savings banks would necessarily maintain a larger section of their portfolios in eligible securities. Funds would be used in greater degree toward absorbing Government obligations.

EXTENSION OF ANY PROPOSED DEPOSIT-INSURANCE PLAN TO MUTUAL SAVINGS BANKS

The savings banks as a whole have not considered whether or not any proposed deposit-insurance plan is essential as applied generally and take no position here with reference to that feature. But if the proposed deposit-insurance feature is to be applied to savings deposits in member banks, it should likewise be available to mutual savings banks. Equality of opportunity is required.

The country's total bank deposits are approximately \$40,000,000,000, and about \$10,000,000,000 of this amount is with the mutual savings banks. The remainder is about equally divided between commercial deposits and savings deposits in commercial banks. Many States require a segregation of savings deposits and restrict investments, and in such instances savings funds are invested, generally speaking, in precisely the same way as deposits of mutual savings banks.

The 13,000,000 depositors of mutual savings banks are entitled to the same protection that may be eventually accorded savings-account depositors in other banks. The very nature of the mutual savings bank business, its peculiar function of dealing with vast numbers of people of relatively little financial knowledge or experience, as well as limited means, its general standing in the minds of savings depositors as a safe place for their funds, seem to be basic reasons why the mutual savings banks should be accorded the same opportunity to participate in any deposit-insurance plan as other banks.

If a deposit-insurance plan were applied to the savings accounts in commercial banks and not extended to include mutual savings banks, the result would be disastrous to the latter. Some of the mutual savings banks are among the oldest institutions of the country. The Government should not by a deliberate act destroy an established banking business enjoying the confidence of a great proportion of the people, especially when such institutions were established wholly for public purposes.

It is understood that the deposit-insurance plan contemplates the use of Government funds and Government machinery. Government assistance of either character should not be used for the benefit of a particular class of institutions or people, particularly when mutual banks are trustees of a public franchise exercised by them for the benefit of the public at large, and especially that part of the public in the location of the particular institutions, as well as for the depositors in their institutions.

REPORTS OF THE MILITARY AFFAIRS COMMITTEE

Mr. AUSTIN, from the Committee on Military Affairs, to which was referred the bill (S. 1288) for the relief of Otto Christian, reported it without amendment and submitted a report (No. 24) thereon.

Mr. DICKINSON, from the Committee on Military Affairs, to which was referred the bill (S. 772) for the relief

of Robert J. Smith, reported it without amendment and submitted a report (No. 25) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 166. An act for the relief of Robert J. Foster (Rept. No. 26); and

S. 727. An act for the relief of Francis N. Dominick (Rept. No. 27).

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 593) to amend the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States", approved June 21, 1930, so as to give class B officers of the Army benefits of such act, reported it without amendment and submitted a report (No. 28) thereon.

Mr. PATTERSON, from the Committee on Military Affairs, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 422. An act for the relief of Albert A. Marquardt (Rept. No. 29); and

S. 707. An act for the relief of James J. Jordan (Rept. No. 30).

Mr. BARBOUR, from the Committee on Military Affairs, to which was referred the bill (S. 381) to correct the military record of Samson Davis, reported it with amendments and submitted a report (No. 31) thereon.

He also, from the same committee, to which was referred the bill (S. 248) for the relief of Rolando B. Moffett, reported it without amendment and submitted a report (No. 32) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 558. An act for the relief of Beryl M. McHam (Rept. No. 33); and

S. 804. An act to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co. (Rept. No. 34).

Mr. CUTTING, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 423. An act for the relief of Michael J. Moran (Rept. No. 35); and

S. 531. An act for the relief of Dan Davis (Rept. No. 36).

Mr. FLETCHER, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1204. An act for the relief of William Burke (Rept. No. 37); and

S. 1287. An act for the relief of Leonard Theodore Boice (Rept. No. 38).

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 792) for the relief of Curtis Jett, reported it without amendment and submitted a report (No. 39) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WHEELER:

A bill (S. 1333) for the relief of Elmer J. Hinchey; to the Committee on Military Affairs.

A bill (S. 1334) granting a pension to Mary L. Burgess;

A bill (S. 1335) granting a pension to Carl A. Grant; and

A bill (S. 1336) granting a pension to Fay B. Weekley; to the Committee on Pensions.

By Mr. SCHALL:

A bill (S. 1337) for the relief of Joseph Lane; to the Committee on Claims.

A bill (S. 1338) for the relief of John F. Patterson; to the Committee on Military Affairs.

By Mrs. CARAWAY:

A bill (S. 1339) for the relief of E. A. Ahrens;

A bill (S. 1340) for the relief of Calvary Cemetery, Little Rock, Ark.;

A bill (S. 1341) for the relief of O. H. Chriss;

A bill (S. 1342) for the relief of C. F. Cooley, administrator of the estate of Charles F. Cooley, Jr.;

A bill (S. 1343) for the relief of W. M. Cravens;

A bill (S. 1344) for the relief of James F. Dubberly;

A bill (S. 1345) for the relief of James E. Fitzgerald;

A bill (S. 1346) for the relief of Frank R. Garner, formerly second lieutenant, United States Army;

A bill (S. 1347) for the relief of Little Rock College, Little Rock, Ark.;

A bill (S. 1348) for the relief of Samuel H. McAlexander;

A bill (S. 1349) for the relief of Robert L. Martin;

A bill (S. 1350) for the relief of Carl L. Moore;

A bill (S. 1351) for the relief of Mrs. H. J. Munda;

A bill (S. 1352) for the relief of Claude L. Pyle;

A bill (S. 1353) for the relief of James Rowland;

A bill (S. 1354) providing for reimbursement of the St. Louis Southwestern Railway Co. for expenditure in revetment work on the Arkansas River during the flood of 1927;

A bill (S. 1355) for the relief of William F. Slatton;

A bill (S. 1356) for the relief of Ella H. Smith; and

A bill (S. 1357) for the relief of Clarence Winborn; to the Committee on Claims.

A bill (S. 1358) to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark.;

A bill (S. 1359) making eligible for retirement under the same conditions as now provided for officers of the Regular Army, Capt. Oliver A. Barber, an officer of the United States Army during the World War, who incurred physical disability in line of duty;

A bill (S. 1360) for the relief of Henry Brown;

A bill (S. 1361) for the relief of Obadiah Simpson; and

A bill (S. 1362) for the relief of Benjamin H. Southern; to the Committee on Military Affairs.

A bill (S. 1363) for the relief of Thomas S. Garen; and

A bill (S. 1364) for the relief of Frank S. Harrison; to the Committee on Naval Affairs.

A bill (S. 1365) granting a pension to Jessie B. Auer;

A bill (S. 1366) granting a pension to Anna J. Darby;

A bill (S. 1367) granting a pension to Ernest J. Hollis;

A bill (S. 1368) granting a pension to Norfleet Hughes;

A bill (S. 1369) granting a pension to Edie A. Kimberly;

A bill (S. 1370) granting a pension to Ernest McCord;

A bill (S. 1371) granting a pension to Theta B. Spring;

A bill (S. 1372) granting a pension to Charlie A. Stacks;

A bill (S. 1373) granting an increase of pension to John H. Cook;

A bill (S. 1374) granting an increase of pension to Henry W. McLain; and

A bill (S. 1375) granting an increase of pension to Mary A. Stutler; to the Committee on Pensions.

By Mr. METCALF:

A bill (S. 1376) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings; to the Committee on Education and Labor.

By Mr. NORRIS:

A bill (S. 1377) granting a pension to Birdie Brugh; to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 1378) granting a pension to Luther Lane; to the Committee on Pensions.

A bill (S. 1379) authorizing loans by the Reconstruction Finance Corporation to provide working capital for certain industries; to the Committee on Banking and Currency.

RELIEF OF AGRICULTURE—AMENDMENTS

Mr. GLASS, Mr. POPE, and Mr. BANKHEAD each submitted an amendment and Mr. NYE and Mr. GEORGE each submitted two amendments intended to be proposed by them, respectively, to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which were severally ordered to lie on the table and to be printed.

"SAVE AMERICAN INDUSTRY"

Mr. LA FOLLETTE. On yesterday the Washington News printed a very significant editorial entitled "Save American Industry." It begins with the words:

One issue is bigger than all others now.

I ask that the remainder of the editorial may be incorporated in the RECORD as a part of my remarks.

There being no objection, the remainder of the editorial was ordered to be printed in the RECORD, as follows:

Save American industry. Safe banks, higher farm prices, and all the other necessary moves of the administration against the depression will not pull us out of the ditch until the great American mass market is restored. That means putting wages, decent wages, regular wages into the pockets of labor, so labor can buy goods.

Here is the tremendous opportunity of President Roosevelt. He, and he alone, has the power and the prestige to move into this crisis of closing factories, idle merchants, and jobless workers, and stop the deflation of the mass market.

Intelligent employers are powerless. They are in competition with sweatshops—sweatshops not merely in the garment trades but in every line of industry, big and little. They cannot keep up wages and mass buying power unless they are protected from sweatshop competition, unless the Government throws its protection around American standards for industry.

President Roosevelt knows this. His remarkable telegram yesterday to governors of industrial States pointed the necessity of minimum wage laws as follows:

"May I call your attention to minimum wage law just passed by Legislature of New York and approved by Governor Lehman, which declared it against public policy for any employer to pay women or minors a wage which is 'less than the fair and reasonable value for services rendered and less than sufficient to meet the ultimate cost of living necessary for health.'"

"This represents great forward step against lowering of wages which constitutes a serious form of unfair competition against other employers, reduces the purchasing power of the workers, and threatens the stability of industry. I hope that similar action can be taken by the other States for protection of the public interest."

Splendid. We must stop the wage reduction which "threatens the stability of industry." But that cannot be done by a minimum wage only for women and minors, a minority of wage earners. It cannot be done by State action alone. Federal action is required to strike at the evil which is national.

The President knows that also. Yesterday his Secretary of Labor told a House committee that he favors the purpose and principles of the 30-hour week bill, which has passed the Senate. But Secretary Perkins added, significantly, that amendments were needed to that bill to give greater elasticity and powers of enforcement. The administration is now preparing such amendments.

A 30-hour week law for industry in interstate commerce would merely be another share-the-misery move unless it provided minimum wages. It would drive pauper wages still lower. It would make of American industry one vast sweatshop and drive decent companies to the wall. It would reduce the mass market to the demand of coolies and the purse of slaves. This is no jittery fear. It is the hard reality to which we are now headed unless wages and purchasing power can be stabilized at an American level—quickly.

There is only one way to stop that plunge. Talk, even from the President, won't do it—all of President Hoover's appeals against wages cuts proved futile. Courageous but isolated employers cannot do it—many who tried to maintain wages against sweatshop competitors have gone bankrupt. Organized labor cannot do it—labor has no bargaining power, with millions of hungry jobless willing if necessary to work for starvation wages.

Only governmental action can do it. Only a Federal law fixing a range of maximum hours and minimum wages, flexible enough to be enforced justly by joint capital-labor-Government boards for industries as a whole, and for the protection of the Nation as a whole, can do it.

This can be achieved legally. The wide constitutional emergency powers, under which the President has acted up to now in other matters can cover this general welfare legislation. Its legality can be buttressed by the Government's interstate-commerce authority, and by the power of taxation over sweatshops which—to use the President's phrase—"threaten the stability of industry."

But this is no time for legal quibbles. When the President took office he found the banks crashing. He cut through red tape, asked and received from Congress emergency power to meet an emergency. He has done well, miraculously well. But, despite all he has done, there is more deflation, more unemployment, more business failures than a month ago.

Today American industry is crashing.

President Roosevelt can save American industry. We believe he will try. If we read the statement of Secretary Perkins aright, if we understand the purpose of the President in his minimum-wage appeal, he is preparing to lead Congress in rewriting the 30-hour week bill so as to protect wages, to create buying power, to control production, and to start business forward again.

In this heroic effort, President Roosevelt will have the support of the people. The people yet look to the President to restore their right to work and to enjoy the fruit of their labor.

REHABILITATION OF LABOR AND INDUSTRY

Mr. WALSH. Mr. President, yesterday the Governor of Massachusetts, Governor Ely, and a group of citizens representing the industries and the employees in the State of Massachusetts visited the President and submitted to him a rehabilitation program which they described as the "Massachusetts plan for the rehabilitation of labor and industry."

This program seems to meet with the approval of most of the industrial leaders and labor leaders of that Commonwealth. It seems to me to be both timely and comprehensive. If time permitted, I should like to have the 11 items in the program read, but I shall not take the time of the Senate to do that. I will content myself by stating that in general the program commends itself to me, and by asking that it be printed in the RECORD for the information of the Senate. I have reason to believe it will receive most sympathetic consideration from President Roosevelt.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

MASSACHUSETTS PLAN FOR THE REHABILITATION OF LABOR AND INDUSTRY

1. The number of unemployed in this country, estimated generally from 12 to 15 millions, is a grave menace to the economic, political, and moral health of the United States.
2. The importance of getting at least 9,000,000 unemployed to work as quickly as possible is comparable to the need recognized in the measures enacted for aiding the banking structure, reducing Government expenditures, and to those contemplated for aiding the farmers, railroads, and other interests.
3. Public works and other measures being considered will be helpful, but at best will give work to a small percentage of the unemployed.
4. The only way to absorb unemployed is to place them where work is available in industry and business now.
5. It is necessary that this be done on a national scale, as it is impossible of accomplishment except on a basis that does not discriminate between geographical sections and industries.
6. We believe the President should therefore seek immediate legislation to regulate hours of work for men and women on the principle of the 5-day week and the shorter working day. We also believe that authority should be given to the President or his administrative representative to modify the basic provisions regarding hours of labor in accordance with the demonstrated needs of individual industries, provided that such changes are not in violation of the object of furthering the utmost practical reabsorption of the unemployed.
7. Measures, proposed by the President for regulating hours of work should provide for some degree of control in each industry of hours of operation of individual member plants.
8. Also, to protect workers from exploitation and to preserve price stability, there should be coupled with such measures minimum wage schedules suited to each industry and based somewhat on the cost and standard of living in the various sections of the country.
9. The United States is the only civilized country that permits the working of women and minors on all-night shifts. This practice seems both economically and socially unsound. A large proportion of such women and minors employed on all-night shifts are found in certain industries. This practice can be discontinued without adding to the cost of operations, as has been demonstrated by a number of concerns who employ only men on night runs. This employment of women and minors at night in the industrial plants, certainly between the hours of 10 and 6, should be permanently abolished in the United States.
10. To eliminate ruthless competition, which is constantly reducing wages, lowering prices, lessening earnings, and thereby adding to unemployment, we favor reasonable modification of the provisions of the antitrust laws to permit agreements among the members of individual industries, subject to Federal approval in order to promote the stabilization of wages and prices for the benefit of both the employer and employee.
11. It is essential that the authority given to regulate hours of work and to establish minimum wages also provide for their readjustment as and when changes in demand and in cost of living may require.

PETITION FROM LOUISIANA—QUESTION OF PERSONAL PRIVILEGE

Mr. LONG. Mr. President, I hope no Senator will ask me to yield for a few moments. I intend to occupy the floor for only 4 or 5 minutes.

Mr. President, I have risen this morning to a question of personal privilege and to propound an inquiry to the Chair and to the Senate. I hope that I may have the attention of Senators while I propound a parliamentary inquiry.

We have a rule of the Senate, Mr. President, found in the Senate Manual, reading as follows:

No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

That rule, as I understand, applies to Senators, so that no Senator shall impute to another Senator any conduct or motive unworthy of a Senator.

There is another rule, Mr. President, under which petitions and memorials are filed in the Senate. That rule provides in part:

Every petition or memorial shall be signed by the petitioner or memorialist and have endorsed thereon a brief statement of its contents, and shall be presented and referred without debate. But no petition or memorial or other paper signed by citizens or subjects of a foreign power shall be received, unless the same be transmitted to the Senate by the President.

As I understand the clause to which I have just referred, it seems that only such petitions as the President sees fit are to be transmitted to the Senate, but there is otherwise no limit, and I would naturally understand that there is practically no restriction as to what is to be done in the absence of any rule or interpretation.

Mr. President, I want to call the attention of the Senate to one of the morning newspapers that I picked up this morning, as I was arranging to leave the hotel. I am reading from the Washington Herald of this morning. As a matter of fact, I understand this was published in the papers of the country yesterday afternoon, but it was of such significance that it was republished on the same front pages of this morning's news notes:

LOUISIANANS URGE OUSTING OF HUEY LONG—PETITION SENATE FOR INQUIRY—"KINGFISH" CALLED "GRAFTER" AND "DANGEROUS PARANOIAC"

By Universal Service

An extraordinary petition bristling with charges of graft and corruption against Senator HUEY P. LONG (Democrat), of Louisiana, and demanding the unseating of the self-styled "Kingfish", was received yesterday by Vice President Garner from citizens of Louisiana.

The Vice President, without comment, referred the petition, signed by former Gov. John M. Parker and 23 other Louisianans, to the Senate Elections Committee. This action made the document, embodying several grave charges against LONG, a privileged matter.

Mr. President, upon looking up the law and calling upon such knowledge as I have of the law, this document has become, as this newspaper says, a privileged matter. No one publishing or distributing the same is in any manner accountable for the circulation of its contents. It is a privileged document, as is said by this newspaper here this morning.

This document that has been sent here is signed by a former Governor of the State of Louisiana with whom I have been involved in countless court proceedings varying over a period of 15 years. Also, I have been involved with him in political contests varying over a period of nearly the same length of time. This gentleman has been quite unsuccessful before the courts of the State and the courts of the United States. He has been just as unsuccessful before the people in elections. He has been the chairman or the president of maybe 25 different societies and associations that have been set up in the last 10 or 15 years for the purpose of destroying me politically and personally or disbaring me as a member of the bar of any court.

Mr. President, this is the same party who only a few years ago, while he was Governor of the State, about 10 or 12 years ago, came here to Washington and said that his own State of Louisiana was in command of outlaws and he would have to have the United States Army to rescue it—and this, too, at a time when he was Governor of the State himself. He has come here now in a document to the Senate, in the guise and under the pretense of being a memorial for a public inquiry, in which he has placed before the Senate and made privileged for every blackmailing institution of the country the same old claptrap and rottenness that he has undertaken to parade over the State of Louisiana and this country for a period of at least 12 or 15 years. Without any specification

of anything he has presented to the Senate and the Senate has received—and this forum of the Senate is the means of its publicity under privilege of such statements as this:

Tenth—

This is one of the main statements—

During the administration of said HUEY P. LONG as Governor of Louisiana more than \$150,000,000 of bonds issued and of funds derived from taxation have been spent by the Louisiana Highway Commission and other State agencies controlled and dominated by said Long. Of this sum a conservative estimate is that at least \$10,000,000 has been used for what is commonly known as graft and for corrupt purposes. The said Long is personally responsible for this condition.

The gentleman, among other things of this kind, has been allowed and is given the privilege and absolute immunity to place such statements before the Senate; and others of his kind in other States are free, if this thing is legitimate, to do the same thing with regard to every man in the Senate, if they write some of the things to the President that they have written to me about some of my colleagues. They can write just as much about others as they have written about me. I have received some letters that did credit even to me compared to some of the letters I have received about some of my colleagues—letters from some of the gentlemen who have been defeated in political campaigns.

If this thing is legitimate, there is nothing on the living earth to except a Member of the United States Senate from any kind of calumny and giving it any kind of privilege and any kind of immunity with which it is possible to clothe it under the law. If this is to be tolerated by the Senate, if this is within the rules of the Senate, then there is no reason on earth why we cannot say that Senator Jones, from the State of X, is the father of 17 illegitimate children, and therefore ask that he be excluded from the Senate; or that Senator Smith, from the State of Y, burned down a Catholic church and killed four nuns, and therefore ask that he be barred from serving in the United States Senate. The same rule would apply, the same document would be filed, the same immunity and the same privilege would attach, if that is the kind of course petitions can take and if that is the kind of calumny permitted to be presented in this way.

Mr. President, I do not say this in defense of myself, but to show how ridiculous and how helpless persons are from such calumny if they happen to be so unfortunate as to sit here in the United States Senate. Here is a board that this man is talking about that had 19 men supervising every dime that was spent before they spend it and after they spend it, a board comprising some of the leading bankers of the State, at least two thirds of whom are members of clubs and organizations with which this ex-Governor had been affiliated. There had never been a complaint filed before that board, there had never been a nickel spent that they did not allow to be spent, there had never been a dime spent that they did not see someone spend, and on that board sat the members of his own constitutional league that he was then running in his effort to unseat the Governor of the State at that time. Yet he comes in here today and simply says that he conservatively estimates that since \$150,000,000 was spent by the State highway commission, at least \$10,000,000 of it is graft, and that he estimates that HUEY P. LONG might have received about \$10,000,000 out of the \$150,000,000 spent.

Mr. President, I am submitting the matter to the Senate without having had the time to prepare anything. I am submitting the subject matter to the Senate in order that the Senate may consider it.

Mr. ASHURST. Mr. President, I am not without sympathy with the situation of the Senator from Louisiana [Mr. LONG]. He has raised an important question, and I wish to speak for a moment to the subject. My remarks are in no sense presented as a lecture, because censoriousness of attitude would be the last thing permitted here.

First, however, let us remember that he who lives by the sword shall die by the sword.

Secondly, there is in this world a law of compensation, which sooner or later does its perfect work. No one escapes that law. If we in the Senate—and I apply this admonition to myself—were more careful respecting the tender subject of human character and respecting the reputation of other persons who cannot answer here, we would have more sympathy extended to us when we find ourselves the objects of calumny, as we all do now and then. It is an inescapable part of public life.

But the Senator from Louisiana, who is himself an able lawyer, has raised a legal point respecting censorship or "privilege" that I think should have some attention. I beg the pardon of the Senate for that which seems ungracious—that is to say, quoting from one of my own speeches—but the speech from which I quote was delivered in May 1917, when we were about to engage in war or indeed had already entered the World War. I was then, and all during the war, much opposed to censorship. I am still opposed to so-called "censorship of the press." But to say merely that we are "opposed to censorship of the press" does not enlighten anybody unless he be a student of the law with particular reference to censorship. So again, proceeding to do that which apparently would be immodest, I beg the indulgence of the Senate while I read from what was in May 1917 my matured conclusion respecting "censorship of the press."

Speaking in the Senate on May 9, 1917, in opposing a so-called "censorship of the press", I said, in part, as follows:

Mr. President, I am opposed to a censorship of the press as we have come to know that expression, and I oppose it upon the ground of public policy and upon the ground of constitutionality. I shall discuss the subject, reviewing both aspects of the same as they present themselves to me; that is, from the standpoint of public policy and from the standpoint of its constitutionality.

Press censorships have invariably brought unhappy and in many instances disastrous results. The evil that a censorship creates is more malignant than the evil it seeks to avoid and conceal. If during the ensuing war the press should be censored and information as to the progress of the war should go to the public filtered through a censor, we would soon be living in a vapor of suspicion, a cloud of misinformation, a miasma of rumor.

A censorship of the press results in the diffusion and spread of misinformation and idle tales. Under a censorship sensational stories fly apparently on the wings of the wind. The ordinary citizen is practically helpless and knows not what or whom to believe. I do not mean to say that the press is always accurate in its gathering and presentation of facts, or always correct in its interpretation of facts, but in the main it attempts to be correct and seldom is willfully and wantonly unjust. A censorship proposed to be established with the intention and for the purpose of preventing our enemies from obtaining information as to the position and movement of our troops and fleets and the location of munition factories, machine shops, and details of coast defenses would, and no doubt should, meet with general approval.

The people composing the United States Government are now just about to enter upon a stupendous struggle. Events of world-wide importance are following each other so rapidly that they tread upon each other's heels; and sufficient events are transpiring each day to make volumes for the historian of the future.

I wish first to present my view of the censorship in respect to its being an unconstitutional statute as proposed.

The first amendment to the Federal Constitution reads as follows:

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; * * *"

Everyone here knows what the word "abridging" means. I need not pause to consider or discuss the meaning of "abridgment."

What does "freedom of the press" mean? It is amazing to note the amount of loose talk—not in the Senate, but throughout the country and in the newspapers—as to what is "freedom of the press" as used in the Constitution of the United States. The average citizen of this Republic who is not a lawyer, from a constitutional standpoint, believes that "freedom of the press" means the right to publish his sentiments just as he pleases. In a large sense that may be true; but in a legalistic sense, and from a constitutional standpoint, that is not entirely accurate. "Freedom of the press" means simply, solely, and only the right to be free from a precensorship—the right to print and publish and have a judicial tribunal by due process of law declare after publication thereof whether or not the article was libelous, obscene, or improper. In other words, under the Constitution as amended by amendment no. 1, "freedom of the press" means that the citizen may publish whatever he sees fit and not be subjected to pains and penalties because he did not consult the censor before publishing. The citizen is left to publish what he pleases, and must take his chances before a court of his country as to whether or

not he has published anything libelous or anything that may bring any human being into disrepute or ridicule, or whether he has published anything of a treasonable or obscene nature.

Now, to discover what this phrase "freedom of the press" means, we resort to that method to which lawyers have ever resorted, viz: What was the meaning of the phrase "freedom of the press" when the Constitution of the United States was adopted? When the first amendment was adopted, what did those who adopted the amendment, and what did the lawyers of that day say "freedom of the press" meant? What did the reports and the courts of the time say "freedom of the press" meant?

Mr. President, I believe that Sir William Blackstone is a good authority as to what is the common law of England; and the common law of England has been in force in this country since we have been a nation. It was brought to these shores by the migration hither of our ancestors. This book of Blackstone's Commentaries was written before the adoption of the first amendment, so it is presumed that those who adopted the amendment adopted it with the construction which Blackstone put upon its language and which the common law gave it. I read now from volume 4 of Wendell's Blackstone's Commentaries, page 151, where that great commentator says:

"In this and the other instances which we have lately considered, where blasphemous, immoral, treasonable, schismatical, seditious, or scandalous libels are punished by the English law, some with a greater, other with a less degree of severity, the liberty of the press, properly understood, is by no means infringed or violated. The liberty of the press is, indeed, essential to the nature of a free state; but this consists in laying no previous restraints upon publications."

Let me read that again:

"But this—"

What? Freedom of the press—

"consists in laying no previous restraints upon publications, and not in freedom from censure for criminal matter when published. Every freeman has an undoubted right to lay what sentiments he pleases before the public; to forbid this is to destroy the freedom of the press; but if he publishes what is improper, mischievous, or illegal, he must take the consequences of his own temerity."

Mr. President, I read no further just now but shall merely say that that was the law of England before we adopted the first amendment, and when we adopted that amendment we adopted the construction that previously had been placed upon such provision by the English courts. Therefore, it would seem that before we adopt any rule here, or attempt to pass any law looking toward a censorship, we should first ascertain what power we have on that subject.

The Senator from Louisiana undoubtedly has the right to bring a suit for damages or to seek the arrest of the persons, if any, who have unlawfully caused to be published and printed anything scandalous, libelous, or defamatory concerning him; and, strangely enough, under the law as I conceive it to exist, in our country, merely to write out a libel against another person and carry the libel in one's own pocket is contrary to the law. It is against the law to send a libelous letter even to one person, the person libeled. "Publication" of a libel does not mean publishing it in a newspaper alone.

If I should so far forget myself as to write an indecent, scandalous, and defamatory letter about another man, and even if that man should never see the letter, the mere writing of the same would be, nevertheless, a violation of the law of libel.

So before the Senate takes action looking to any censorship we ought to consider whether we have such power. If the Senator from Louisiana has been libeled, and if he has been held up to ridicule and scorn, he would have the sympathy of right-thinking people if he brought a suit in the appropriate court.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Louisiana?

Mr. ASHURST. Certainly.

Mr. LONG. The case of Bernstein against Commercial National Bank reviews a large list of authorities; and in all privileged matters a conviction or recovery cannot be had except the utterer be shown by positive proof to be guilty of actual malice.

I am forced to agree with this comment of the Hearst papers that this is a privileged matter. I agree with the Senator that as to the party uttering it, if bad faith on his part could be shown by positive proof, that would destroy his privilege; but as to the newspaper's publishing it, there is no

recourse whatever against the newspapers that publish the proceedings of the Senate.

Mr. ASHURST. I have learned to respect the Senator's legal talent. The Senator is a valuable and active member of the Judiciary Committee. I do not agree with him, however, that privilege attaches to any such communication. The "privileges" known to law are very few—among them being privileged communications between physician and patient; priest and penitent; lawyer and client; husband and wife; words spoken in Senate and House and in legislatures, and so forth. The publication by the press of matter for good motives and for justifiable ends might be said to be nearly, if not entirely, privileged.

I have not examined the question of the privilege or so-called "privilege", if any, attaching to the communications sent to the Senate respecting the Senator from Louisiana, but I should say as a sidewalk of curbstone opinion that I perceive no privilege attaching to such communications. Those who publish, do so at their peril.

Mr. LONG. Mr. President, I think it is important that the Senate should determine whether or not documents of this character, sent here, are privileged. If they are, we should amend our rules. If they are not, then we should take such action as is appropriate.

I wish someone would move that this matter be referred to the Judiciary Committee.

Mr. ROBINSON of Arkansas. Mr. President, I think that is a proper suggestion. I move that the Committee on Privileges and Elections for the present be excused from consideration of the petition, and that it be referred to the Committee on the Judiciary, the Senator having raised the question as to whether it is privileged and as to the right of the Senate to receive the petition.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to.

The VICE PRESIDENT. The Committee on Privileges and Elections is discharged, and the petition is referred to the Committee on the Judiciary.

FRENCH PROPAGANDA IN THE UNITED STATES

Mr. ROBINSON of Indiana. Mr. President, some days ago the distinguished Senator from Nevada [Mr. PITTMAN] referred to the recent and very extraordinary program of the French Government to spread French propaganda in the United States, for which the Chamber of Deputies voted a very large sum of money. About the same time I noted in the New York Herald Tribune a story by the United Press under a Paris date line of April 9, along the same line, suggesting that the propaganda was to include trans-Atlantic radio broadcasts, motion pictures, the press, magazines, and so forth, and a very significant paragraph in the foreign-office statement to the effect that—

The American people are ignorant of their own history. They must not be expected to know French history.

The campaign outlined was:

1. Through the press, with the aid of the Agence Havas, the official French news agency.
2. The furthering of French motion pictures.
3. Sunday night broadcasts by wireless to the United States, via the British station at Rugby.
4. The writing of pro-French articles for American magazines, presumably by well-known authors.
5. The dispatch of lecturers and public speakers on missions to be directed by the home bureau.

Mr. President, there has just come to my hand a photostatic copy of the cover of the French official document "No. 295, Senate, 1932, ordinary session", being a report by M. Henry Bérenger, ambassador and reporter of the foreign affairs budget of 1932; and also photostatic copies of pages 97 and 98 of that report, chapter 39, showing the comment by M. Bérenger on the appropriation for "special funds for French information abroad."

There is also accompanying this photostatic copy a translation of pages 97 and 98, being chapter 39, of that document. I send them to the desk, Mr. President, and ask

unanimous consent to have them printed in the RECORD in connection with my remarks.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

(No. 295, Sénat année 1932, session ordinaire, annexe au procès-verbal de la 2e séance du 18 mars 1932)

RAPPORT FAIT AU NOM DE LA COMMISSION DES FINANCES CHARGÉE D'EXAMINER LE PROJET DE LOI, ADOPTÉ PAR LA CHAMBRE DES DÉPUTÉS, PORTANT FIXATION DU BUDGET GÉNÉRAL DE L'EXERCICE 1932—AFFAIRES ÉTRANGÈRES

Par M. Henry Bérenger, Sénateur

Le crédit se répartit de la façon suivante:	Francs
Impression des bulletins de presse étrangère.....	340,000
Abonnements aux journaux français.....	16,000
Abonnements aux journaux étrangers.....	86,000
Ouvrages techniques.....	3,000

CHAPITRE 39. Fonds spéciaux pour information française à l'étranger

	Francs
Crédit accordé par la dernière loi de finances.....	34,000,000
Crédit demandé par le Gouvernement:	
12 mois.....	34,000,000
Exercice 1932.....	25,500,000
Crédit proposé par la Commission des finances de la Chambre.....	25,500,000
Crédit voté par la Chambre.....	25,500,000
Crédit proposé par la Commission des finances du Sénat.....	25,500,000

La dotation de ce chapitre avait été relevée, au budget dernier, de 8 millions, pour intensification de l'information française à l'étranger. Votre Commission des finances avait alors insisté sur la nécessité d'un contrôle rigoureux des subventions accordées. Conformément à cette décision, son rapporteur a examiné les conditions dans lesquelles ces subventions ont été utilisées.

L'effort du Département a porté spécialement sur la réorganisation des services extérieurs de nos agences d'information, notamment de l'Agence Havas. Certains bureaux à l'étranger de cet organisme ont été mis au point, notamment ceux des grandes capitales politiques (Berlin, Londres, Rome); d'autres ont été créés ou développés. Enfin, un service d'Extrême-Orient, hautement désirable dans les circonstances actuelles, a été inauguré en novembre (Shanghai, et bientôt Pékin et Nankin).

Le résultat de cette réorganisation peut être apprécié d'après un petit nombre de faits: dans les journaux français, la proportion des informations Havas en provenance d'Allemagne, d'Espagne et d'Europe centrale a triplé; en Amérique du Sud, l'Agence Havas, presque évincée il y a un an, est en mesure de lutter avec les grandes agences des Etats-Unis; enfin, le service d'Extrême-Orient est accueilli par les journaux chinois, russes et aussi par la presse anglaise, d'abord réservée.

L'Agence Havas, par une modification au contrat de réciprocité existant, va aussi pouvoir créer un service indépendant aux Etats-Unis.

Ces développements, étudiés en accord avec nos chefs de postes et avec le Département, sont l'objet d'un contrôle du Service d'Informations et de presse.

De nouvelles extensions de notre programme de propagande par voie de la presse sont en cours d'examen et ne manqueront pas de faciliter l'action locale de nos chefs de postes et, d'une façon générale, la diffusion de l'influence française à l'étranger.

CHAPITRE 40. Contribution de la France dans les dépenses du Secrétariat international de la Société des Nations

	Francs
Crédit accordé par la dernière loi de finances.....	11,922,000
Crédit demandé par le Gouvernement:	
12 mois.....	11,922,000
Exercice 1932.....	8,941,500

[Translation of ch. 39, Foreign Affairs Budget, 1932, contained in Rept. No. 295, Senate, 1932, ordinary session, pp. 97-98]

CHAPTER 39. Special fund for French information abroad

	Francs
Credits established by last finance law.....	34,000,000
Credits asked by Government, 12 months.....	34,000,000
Nine-month budget of 1932.....	25,500,000
Credits proposed by Finance Committee of Chamber.....	25,500,000
Credit voted by Chamber.....	25,500,000
Credits proposed by Finance Committee of Senate.....	25,500,000

The sums granted under this chapter were increased by eight millions in the previous budget for the intensification of publication of French information abroad. Your Finance Committee at that time insisted upon the necessity of a rigorous control of the subventions granted from these credits. Complying with this decision, your reporter examined the conditions under which these subventions have been used.

The effort of the department was concentrated on the reorganization of the foreign service of our news agencies, principally the Agence Havas. Certain bureaus of this organization abroad were improved, notably those in the great political capitals (Berlin, London, Rome); others were created or developed. In addition, a far-eastern service, highly desirable under existing circumstances,

was inaugurated in November (Shanghai, and soon Peking and Nankin).

The result of this reorganization can be appreciated from the few following facts: In the French press the proportion of Havas despatches originating in Germany, Spain, and central Europe were tripled; in South America the Agence Havas, almost evicted 1 year ago, is now in position to fight the great North American news agencies; finally, the far-eastern service is well received by the Chinese and Russian press and also by the English press there, which was at first cold to the project.

By a modification of the reciprocity contract now in existence the Agence Havas will also be able to create an independent service in the United States.

These developments, studied in common with the chiefs of posts and with the department, are the object of control by the Service of Information and Press (at the Ministry of Foreign Affairs).

Further extensions of our program of propaganda through the press are in process of examination and will not fail to facilitate the local action of our chiefs of posts and, in a general manner, the diffusion of French influence abroad.

Mr. ROBINSON of Indiana. I mention also, Mr. President, that some days ago I wrote the State Department asking for whatever information could be given with reference to this French propaganda. I think the American people ought to know just as much as possible about what they propose to do.

Mr. President, before I resume my seat permit me also to refer to an editorial that appeared in the Washington Post last Sunday, April 8, under the caption "Britain's Gold Supply." During the past several weeks we have heard on all sides that Great Britain would be unable to meet her June payment to the United States because of the fact that her gold supply was completely depleted and her capacity to pay very decidedly limited. Some of us believed then, Mr. President, that that was not true. It now develops that Great Britain has more gold than she knows what to do with, that she has greatly increased her capacity to pay. I quote from this editorial the following:

Britain has all the credit she needs, and her gold supply is getting so large as to be embarrassing.

What excuse can the British Government put forward for either postponement of the June war-debt payment or for a scaling down of the debt?

In fact—

The last report from London indicates—

Says this editorial—

that the British Central Bank has about \$860,000,000 in gold. This is slightly more than the bank held when the gold supply of Great Britain reached a previous peak in the fall of 1928.

So I think that dissipates, Mr. President, any argument that might be made to the effect that Great Britain has not the capacity to pay or that her limited gold supply will make it impossible for her to pay. The fact is she is in excellent condition, comparatively, of course, and should pay her debt installments regularly as she has agreed to pay. So should France.

Mr. President, all the French propaganda in the world in this country will not eliminate the fact that she thus far has refused to pay her honest debts. The best method for France to pursue in this country in order to gain the good will of the American people would be for her to pay up the defaulted installment on her debt and then continue to make her payments regularly, keep her word, and observe her treaties.

Mr. President, I ask that the editorial to which I have referred may be printed in the RECORD in connection with my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Apr. 9, 1933]

BRITAIN'S GOLD SUPPLY

Prominent among the subjects that President Roosevelt will discuss with Prime Minister MacDonald during the latter's visit to Washington will be restoration of the gold standard and Britain's war debt to American taxpayers. Both problems are vital elements of the world-wide economic situation. Solution of both is essential to the success of the world economic conference.

When Great Britain paid her war-debt installment last December, it was virtually announced that no further payments would be made unless the entire debt structure were revised. But a great deal of water has gone over the dam since then. Among

other things the United States has experienced a banking crisis and acquired another huge deficit, while Great Britain has greatly increased her capacity to pay. It would be unfair to the British Government to assume that its policy has remained the same under such sweeping changes in circumstances.

A few months ago Great Britain made a powerful plea for revision of the debts on the ground that she had no gold from which payment could be made without crippling her financial structure. Now that situation has completely changed. The gold holdings of the Bank of England are the highest in its history, in spite of the large payment made to the United States 4 months ago. The last report from London indicates that the British central bank has about \$860,000,000 in gold. This is slightly more than the bank held when the gold supply of Great Britain reached a previous peak in the fall of 1923.

It is also reported that the MacDonald government is selling British securities in large volumes to offset the inflationary tendency of this large gold supply. Interest rates on such treasury bills are so low as to be negligible. Britain has all the credit she needs and her gold supply is getting so large as to be embarrassing.

What excuse can the British Government put forward for either postponement of the June war-debt payment or for a scaling down of the debt? The United States needs this money far more than Great Britain does at present. Does Prime Minister MacDonald bring the good tidings that Britain will meet her obligations without complaint as an example to the other debtor nations? If so, his visit will be doubly welcome.

The return of Great Britain to the gold standard is also important. It is apparent that her gold supply is sufficient to consider that step as a means of restoring world confidence. Several other nations would follow Britain's lead back to the gold standard and most of the world would be on a sound monetary basis again. It may take some time for British officials to decide at what point they wish to stabilize the pound, but that can probably be worked out without a great deal of difficulty. Great Britain's accumulation of a new gold supply gives impetus to the whole program for monetary stabilization.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. BANKHEAD. Mr. President, on yesterday the very able Senator from Pennsylvania [Mr. REED], with his usual ability, resourcefulness, and persuasiveness, made an attack both upon the constitutionality of this bill and upon its general philosophy.

I desire in a brief way to submit some observations which indicate, at least to my mind, that the very able Senator has not familiarized himself with the provisions of this bill in that degree which he would do in the examination of facts for the preparation and argument of a case for a client. Several, at least, of the major premises upon which his argument was based are not supported, as I construe the bill, by any direct provisions in it, or the proper and reasonable implications that can be drawn from it.

I desire first to take some notice of the Senator's constitutional argument, with the preliminary statement that I have had no opportunity to refresh myself upon the books. The principles involved are familiar to most lawyers.

The Senator's first point on the constitutionality of this bill was based upon the assertion that it is a price-fixing bill.

In the first place, Mr. President, I say that that assertion is not supported by the provisions of this bill, except the amendment known as the "Simpson amendment." The original bill, as proposed by the administration, has in it no provision for fixing prices. It provides that the policy is—

To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power * * * equivalent to the purchasing power of agricultural commodities in the base period.

That does not fix by law a price on any commodity mentioned in the bill. On the contrary, it specifically declares that the policy of the bill is to make effective the old trade law of supply and demand, to establish and maintain the balance between production and consumption.

No economist will deny the proposition that the price of any commodity is governed by the law of supply and demand in the long run, and that the quality of the supply determines the effective operation of the law of supply and demand.

All of us who have familiarized ourselves with the subject know that an excessive supply of agricultural commodities has driven down the market price of those commodities. Why have they been driven down below the level of industrial commodities? It is because the great number of unorganized farmers have been unable effectively to control the supply offered on the market. Industry, with its smaller number of units, with its closer organization, is in position to and does stop production, stop offering on the market its products when the effective demand and paying power for them has been exhausted; and in that way the price of industrial commodities has been held at a level 50 percent higher than that of the products of the farm.

This is not, as I stated, a price-fixing bill, as the Senator from Pennsylvania has so positively asserted. It is a bill solely to put the farmers in position, through the operation of this law and through the cooperation and direction of the Department of Agriculture, to bring into effective force not a price-fixing but a price which a proper control of the supply in accordance with the demand will produce. When that is done, when supply is so controlled as to get a proper price in accordance with the demand for it, there is no reason why agricultural commodities should not naturally rise to the level of industrial commodities which existed during the pre-war period.

The steel mills and other manufacturing plants in the State of the distinguished Senator from Pennsylvania do not proceed as he would have the farmers do. He protested against a reduction in production of agricultural commodities, although we know the depressing effect that unrestricted production has upon the price of those commodities; but when we go into the industries of his city and his State we do not find the steel mills making all the steel their plants and their laborers can produce. We do not find them making, and I have not heard the able and distinguished Senator insist that they should make, all the steel they are equipped to make, and selling it for whatever it will bring in the market, as he evidently wants the farmers to do with the farm commodities.

But, Mr. President, discussing the matter from the standpoint of the Senator's argument that this is a price-fixing bill, it is perfectly clear from the provisions of this bill, with the exception of the last amendment made to it, that there is no price-fixing by law, notwithstanding the vigorous assertion and argument based thereon by the very able Senator from Pennsylvania.

If it is a price-fixing measure, let us see whether it is unquestionably unconstitutional, as has been asserted by the distinguished Senator from Pennsylvania. I believe, and frankly stated, that the amendment offered by the Senator from Nebraska, known as the "Simpson plan", in its original form was unconstitutional. But when it was amended so as to apply only to products moving in interstate commerce, then I submit an entirely different question was presented, and to my mind it brought that measure most likely within the power granted to Congress to regulate commerce among the States and with foreign countries.

If Congress, as the exclusive and sole judge, and not exercising the power capriciously or arbitrarily, deems it in the public interest to so regulate commerce, to so control it, as to bring benefit to the people of this country and to commerce itself, then I submit that, under the power granted to Congress, a broad and plenary power, it is most likely that any regulation which Congress deemed best for the interest of general commerce would be sustained under our Constitution.

The Senator from Pennsylvania has raised one question which is serious—that is, the right to tax one to pay another. That direct question twice went to the Supreme Court of the United States under what is known as the "sugar bounty law", a law under which sugar producers were paid 2 cents a pound directly out of the Treasury of the United States. The Supreme Court in each case recognized it as an important principle, whether or not it did violate the Constitution, but, although it had the opportunity to do so, and if it was

so openly and flagrantly in violation of the Constitution doubtless it would have peremptorily said so, in each case the Supreme Court declined to pass upon that specific question, and ruled on some other point involved in the case.

What was the object of the oleomargarine tax, a tax of 10 cents a pound imposed by the Congress and sustained by the Supreme Court of the United States? The object of the tax was to benefit competitors, to benefit the dairyman. Everybody knew it. It was asserted upon the floor time and time again that that was the object and purpose of the bill. When the case went to the Supreme Court of the United States, it said that in reviewing the action of Congress in assessing a tax which it was specifically authorized under the Constitution to assess, the Court would not look to the purpose of the Congress in assessing the tax, although the tax went for the benefit of certain competing interests, as everybody knew. So I submit, Mr. President, that on the principle laid down in the oleomargarine case, the argument presented by the Senator on that question will fall to the ground.

The Senator says that under the pending bill there would be a delegation of the taxing power, and that that is another reason for finding it unconstitutional. The distinguished Senator from Arkansas, in opening the debate, or in its early stages, completely disposed of that question, and presented a decision which is carried in his speech, a decision by the Supreme Court of the United States, which effectively deals with the subject of the delegation of power by Congress to an executive agency of this Government.

The Senator from Pennsylvania says the bill is unconstitutional because of its flexibility, but he fails to recall that the flexible clause in the tariff law, which he supported and which he still supports, provided for a very wide range of flexibility to be vested in the President to increase or reduce the amount of a tax, and that delegation, as we all know, has been affirmed by the Supreme Court of the United States.

The distinguished Senator from Vermont raised a constitutional question which the Senator from Pennsylvania promptly seized upon and added to his list of the grounds upon which he rested his objections to the constitutionality of the bill. The Senator from Vermont referred to article 1, section 9, clause 5 of the Constitution, which provides:

No tax or duty shall be laid on articles exported from any State.

In the first place, Mr. President, no tax is laid by the bill on articles exported from any State. The mere fact that a tax is levied within the State does not constitute a tax levied on articles exported, because that means that the tax is a tax based upon exportation. If the argument presented in that regard should be accepted, then no State could levy a tax of any sort upon anything that was destined to go into some other State or to some foreign country. But that question has been disposed of by the Supreme Court of the United States in the case of *Dooley v. The United States* (183 U.S.), in which case the Court said:

The word "export" as used in this clause applies only to goods exported to a foreign country.

It has no application to interstate movement, and those familiar with the bill know that there is no tax of any kind upon any of these commodities which go to a foreign country, because the tax is to be refunded upon all commodities which go abroad. So that the Supreme Court, as well as the facts, dispose of that argument.

The vote of the Senate on yesterday is a complete answer to the argument of the Senator from Pennsylvania. After arguments relating to the unconstitutionality of the Simpson plan, the most doubtful provision in the bill, as we all know, a very substantial majority answered the argument with their votes, and, naturally, they believed that they were not violating their duty to support the Constitution in casting that vote.

Now, I want to discuss for a little the philosophy of the Senator from Pennsylvania. I regret that he did not have the patience to remain in the Chamber. I think some Members of the Senate grievously misunderstand the provi-

sions of the bill, and I classify the Senator from Pennsylvania as one of them. Yesterday he painted a horrible picture of Bill Smith and Tom Jones, Bill Smith getting benefits under the wheat-allotment plan, for instance, and then saying that the Department would go out to Tom Jones, who did not plant any wheat last year, and tell him that he should plant no wheat next year.

It seems almost incredible that the very able Senator from Pennsylvania could draw any such inference from anything in the bill. It has been stated from time to time on the floor of the Senate that there is no provision in the bill, either by direction or implication, which places any compulsion upon any farmer in the United States. The whole philosophy of the bill is one of voluntary action upon the part of the producer, of cooperation of the farmer with the Government in the administration of the law, and in the declared policy of reestablishing effectively the law of supply and demand.

The only powers here are powers to lease land and to establish an excise tax for benefits to be paid to the farmer under what is called the "allotment plan." If a farmer is willing to lease his land under the leasing power, who can say that there is any compulsion in that, although, forsooth, one of the conditions of making a lease is an agreement that he shall not, during the time the Government has the right to the possession of his land, under a paid rental, produce articles on that leased land the production of which is sought to be reduced. Whatever the farmer does under any rental plan he does voluntarily and because of benefits to him, benefits not only in the payment of rentals but benefits, as he knows, in reducing the great surpluses of the commodity he is producing. So, why should an effort be made here either to confuse the minds of Senators or to confuse the public, away from the hearings in the Senate Chamber, to establish the thought, by assertions such as have been made by the Senator from Pennsylvania, that the Government could go out and tell John Jones that he could not use his land next year in any way in which he wanted to use it?

Is there any compulsion under the allotment benefit plan? I have heard no Senator point out any form of compulsion of any sort.

As the allotment plan is generally understood, it is a benefit to be paid to the farmer at the time he markets his crop. That benefit, of course, may be conditioned upon—and doubtless will be, if the plan shall be effective—a reduction in his production, but it must be borne in mind that no farmer is obliged to accept the benefits of the allotment plan; it is purely voluntary with each farmer whether he wants to go under the allotment plan or to stay out from under it and operate his farm as he has always done. I ask any Senator where is there any justification in anything written into this bill for the repeated assertions here that, if enacted, it will enslave the farmers by virtue of an autocratic power vested in the Government to control their own operations on their own farms.

I regret, Mr. President, the note of strife and conflict struck by the Senator from Pennsylvania yesterday when he raised an issue seeking to array industrial employees against the tillers of the soil. I was disappointed in that position taken by the able Senator, in view of the many arguments he has made upon this floor and elsewhere that the welfare of the farmer depended upon the earning power of the industrial employees, and thus their ability to provide a market for the products of the farm. That is the basis of every protective tariff argument that has ever been made when addressed to the agricultural sections of the country. When it is asserted by a farmer that he gets no direct benefits from protective tariff, "Oh", they say, "you do get an indirect benefit, because by the maintenance of prosperity in the industrial field a market is created for the producers on the farm." Mr. President, the distinguished Senator from Pennsylvania ignores the reverse of that proposition in his appeal here, in his leadership, I may say, to establish a line of cleavage between the residents

of the industrial sections and those of the agricultural districts. He ignores the proposition that if prosperity in the industrial centers gives purchasing power and a consuming market for the products of agriculture, of necessity purchasing power by the farmer operates in exactly the same way and gives an equivalent purchasing power for the products of industry.

Ah, Mr. President, it was sad to hear the distinguished Senator from Pennsylvania, whose ability is recognized everywhere, assert that this bill was for the benefit of the farmers in the upper Mississippi Valley and in Texas and would be destructive of the interests of those in the industrial centers; and he turned to his colleagues from the East and asked them how they were going back home and explain to their constituents their votes for the bill.

Mr. President, I heard no protests by representatives of agricultural areas when bills were pending here and were voted upon and passed for the relief of suffering and destitute industrial workers. When we passed the unemployment emergency relief bill providing, first, \$300,000,000, and later, at this session, \$500,000,000, to be spent primarily not for the relief of the farmer but for the relief of the destitute and unemployed in the industrial centers, there was raised no protest of sectionalism, of class, as has been raised here by the Senator from Pennsylvania. In fact, Mr. President, we had to pass those bills over the protest of the Senator from Pennsylvania, but I have not heard of any failure on the part of the duly elected agencies of his State to take advantage of their benefits. Almost the day after the bill passed we found the Governor of the State of the distinguished Senator from Pennsylvania clamoring at the doors of the Treasury for \$45,000,000 of that money; and I think he got it; we were glad to give it to him. When distress is abroad, when suffering prevails, who can have the heart to say, "No; those who are suffering are not in my class; they are not in the group with which I am associated; I will not aid them?" That is a philosophy and a type of humanitarianism which I cannot accept.

In my own State, Mr. President, I live in an industrial area, in the great Birmingham district. I am not here speaking solely for the interests of the farmer. I know as well as I know any rule of economics that if we can raise the price of our agricultural products we shall start the wheels of industry turning in the Birmingham district and in the other industrial sections of the country.

In the bill before us is involved a group which produces all the wealth of this Nation except that which is produced by the mines; here is the origin of wealth and the purchasing power; and notwithstanding the fact that a very small proportion of the increased cost is passed on to the consumer, under all past experience, we find gentlemen from industrial sections protesting that they are unwilling to vote to restore purchasing power to 50,000,000 American citizens. They talk about reestablishing foreign markets—and who is not interested in that subject?—but, Mr. President, with nearly half the population of America, including the freest spenders of all our citizens, absolutely deprived of purchasing power, with the market for the industries of this country almost swept away because of the loss of consuming power by 44 per cent of our population, I submit that any true economist who will reason will promptly conclude that, instead of troubling about a market for 10 per cent of our production, the first step to take is to reinstate a market for the 50 or 60 per cent of our domestic consumption which has been lost by reason of the unfortunate financial situation of America.

There are, Mr. President, many phases of this matter with which I should like to deal, in answer to the distinguished Senator from Pennsylvania, but I am not going to take up the time to do so. I merely want the record made clear upon some of these subjects.

However, I do wish to say further that it is exceedingly unfortunate for anyone to try to raise in this country at this time a feeling of strife and hostility between the people in the cities and those in the towns in the country. Take wheat, for instance. A loaf of bread will not by reason of the passage of this bill be increased in price one half a cent.

There is too much cost in the distribution from the time the wheat leaves the farm.

It has been disclosed by an investigating committee of the Senate extending over a long period that less than one half a cent's worth of flour goes into a loaf of bread, and while the price of wheat may fluctuate up and down as much as 50 or 60 cents a bushel the price of a loaf of bread is not changed by such fluctuations as much as one half cent a pound. Take the case of the cotton farmer. A cotton shirt costing a dollar contains about 3 or 4 cents' worth of cotton, according to the price paid to the farmer. So I submit, Mr. President, that an increase in the price of agricultural commodities will not place any undue burden upon the consumer, because there is already too much taken up in distribution which can be squeezed out of that process, as has been done in the past.

Mr. President, we in this country are a homogeneous people; our interests are the same. The people of the Birmingham coal and iron district have identical interests with the farmers in the Cotton Belt of Alabama. The people in Pittsburgh, the great steel center of our country, have a common interest with the farmers in the upper Mississippi Valley and in Texas, the sections referred to by the Senator from Pennsylvania. We not only have a common patriotic interest to rescue this country from its present depression; we not only have a common economic interest in restoring commodity prices, in restoring consuming power, in restoring employment opportunities; but we have a feeling of brotherhood widespread and everywhere in this country.

Our people during all this great distress have been enduring and patient and patriotic. They are looking to the Congress for some form of relief. We have here a plan which offers it. The fear of the Senator from Pennsylvania is that it will be too effective instead of not sufficiently beneficial in raising the price of the farmer's commodities. Some argue that it will not help the farmer. The Senator from Pennsylvania says it will help the farmer so much that Senators from the industrial centers cannot afford to vote for it and go back home and tell their own people they did so vote. I should like to have a little consistency in the argument of those who are in opposition to the bill. But with a spirit of cooperation which now prevails not only between the farmers and the administration upon the subject, but the processors and packers and millers, we are exceedingly hopeful that beneficial results will accrue not only to the farmers but to the industrialists as well.

Mr. FESS. Mr. President, I have taken very little time during the consideration of the bill now before the Senate, except to make some inquiries in regard to it. I have desisted from entering into a discussion of the bill primarily to await the consideration and final disposition of the various amendments. But I find that it is going to be necessary for me to be absent from the Chamber for a day or two, and for that reason I want to address myself now not to any particular amendment but to the bill itself.

I think I can agree with all that has been said on either side of the aisle as to the desperate condition of agriculture. It is not unlike the condition of other industries. Unfortunately, however, agriculture is first to feel the effect of a depression and usually the last to get out from under it. For that reason sympathy naturally will go to the farmer when he is in distress. I confess it would be nothing but a waste of time for me to repeat anything that has been said about the condition of agriculture. It is well known and nothing is to be added by repeating it. That is not only true now but it has been true for quite a period.

Congress has been and is now most sympathetic with agriculture. No question can be raised as to whether there has been any effort by legislation to relieve the condition of agriculture. I have always taken the position that agriculture should be included in any program looking to adjustments on the basis of insuring higher prices. For that reason I have always insisted that agriculture should be one of the primary factors in the consideration of all protective-tariff legislation. Those who assert that in tariff legislation we have discriminated against agriculture speak from a dif-

ferent philosophy, if not fund of information, than that from which I would speak, because the facts are that agriculture has always been regarded of primary importance when we come to consider that sort of legislation.

In the last tariff act the percentage of increase on agricultural products comprehended nearly the total increase involved in the legislation. When anyone says to me, "What are you going to do for agriculture, since you have done something for industry?" my reply is that we do nothing for industry that we have not done in the same way for agriculture. The reply to that generally is, "But your protective tariff is effective on industry, while it is not effective on agriculture."

There is some force to that argument as to the items of which we produce a surplus, but it is only a half-truth. It is not wholly true. I have been told that there is no advantage to come from the tariff upon wheat. The argument has been made that it is easily demonstrated that there is no advantage because the tariff is almost as much as the price of wheat now. Nobody knows the useful effect of the protection of that article more intensely than the present Presiding Officer, the Senator from Montana [Mr. ERICKSON], who lives in a State interested in this particular commodity. When it is asserted that this has no effect on wheat, the facts are wholly ignored. For example, we produce 800,000,000 bushels of wheat. The Senator from Alabama [Mr. BANKHEAD] put some figures in the RECORD some weeks ago when he made an admirable address dealing with the facts relating to wheat. He said:

Now, let us view wheat production from the world standpoint. In the pre-war period, 1909-10 to 1913-14, the average production was 3,041,000,000 bushels. For the period from 1921-22 to 1925-26 that average increased 300,000,000 bushels. For the period from 1928-29 to 1931-32, the last 4 years, wheat production increased to 3,783,000,000 bushels, or more than 700,000,000 bushels in excess of the average production during the pre-war period of 5 years.

Then, speaking of Canada, he said:

I have pointed out that in the United States the production of wheat increased from 690,000,000 bushels to 869,000,000 bushels during the last 4 years, an increase of nearly 200,000,000 bushels.

In Canada, during the pre-war period, the production was 197,000,000 bushels. During the last 4 years it has gone from 197,000,000 bushels to 399,000,000 bushels, an increase of 200,000,000 bushels.

Mr. President, 399,000,000 bushels of Canadian wheat means a surplus of over 350,000,000 bushels that Canada, a country of 8½ million people, must sell outside of her own borders, while 200,000,000 bushels surplus of wheat in this country would be 200,000,000 bushels for 120,000,000 people. That means an exportable surplus in the United States of only 1.4 bushels per capita, while in Canada it means a surplus of 43 bushels of wheat per capita. I mention that for the reason that Canada must sell her wheat. It is a cash product. Out of the 399,000,000 she produces she consumes only about 50,000,000 bushels. That means about 350,000,000 bushels must be sold in the world market outside of Canada. If she be compelled to sell it in Liverpool, it would be at the world market price, plus the cost of transportation from Canada to Liverpool. If the world market was 22 cents below the market in the United States, Canada could easily afford and would certainly ship her wheat across the line into the United States. In other words, she must dispose of that tremendous surplus at any price, no matter how low, and if she can get only 40 cents in Liverpool, she could better afford to sell it for 35 cents in Minneapolis, because it would be to her advantage in avoiding payment of the transportation charges. Did we not protect our wheat grower by a tariff, Canada would ship wheat across the line at a price below the Liverpool price.

In that situation, to say that a tariff on wheat has no effect is an absurd statement on its face. When we talk about giving protection to an article like wheat there is no argument whatever that it would not be effective in a case such as faces us right now. That was my answer when I said to a friend of mine that I always include the farmer in any legislation looking to the enhancement of industry and the employment of labor in the United States.

Mr. President, no one in his sound mind is going to assert that there has been no effort on the part of Congress to aid the farmer. In fact, Congress has attempted by legislation what I doubt very much can be effected. I have been in Congress now for 20 years. That has been during the period when we have been so active in legislation on behalf of agriculture. I hold in my hand a compilation published in 1931 under the direction of Mr. Lewis, a member of the Government, being a collection of the laws relating to agriculture. The volume contains 267 pages. That volume reprints 123 different laws relating to agriculture. It does not include the laws relating to agricultural credits. Almost all of these laws, except a mere half dozen, have been enacted since I came to the Congress 20 years ago. These laws cover the various situations in which the farmer found himself. Every one of these laws, for most of which I voted, for some of which I voted under protest, was strongly endorsed by the best agricultural minds of the country through the representatives of the farm organizations domiciled here in Washington.

For years I have found it convenient, when it comes to legislation on a subject of this kind, to consult with experts as to whether the proposal is wise or otherwise. This vast body of legislative enactments contained in the volume to which I have referred represents laws placed upon the statute books in answer to the demands of the farming elements and were enacted readily in response to their request. They are now on the statute books and in operation.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER (Mr. ERICKSON in the chair). Does the Senator from Ohio yield to the Senator from Florida?

Mr. FESS. I yield.

Mr. FLETCHER. Will the Senator give us the number of the document to which he has referred? Is it a public document?

Mr. FESS. It is a public document compiled by Elmer A. Lewis, superintendent of the document room of the House of Representatives, Washington, 1931.

Mr. FLETCHER. Can the Senator give us the number and the Congress?

Mr. FESS. It does not seem to have a number. I refer to this compilation of laws, Mr. President, only to indicate the response that Congress, both House and Senate, with the approval of the Presidents, from 1912 up to the present time, has made to requests to put upon the statute books measures for the relief of agriculture.

What is the situation of agriculture in the face of that legislation today?

I do not know whether or not I am justified in saying that the farmer would have been much better off if he had been let alone. I am of opinion that he would be better off if some of these laws were not on the statute books; yet every law was supported with the greatest sincerity and good will, and all of them were endorsed by the people whose judgments we have a right to respect when matters of legislation of this particular character come up.

This compilation does not include the body of law for agricultural credit. I have the compilation of that body of law, printed at the same time, compiled by the same author, the superintendent of public documents of the House of Representatives. There are 13 of these laws, and they contain the actual print of 79 pages of legal enactments. These laws, again, were enacted in response to a general desire that the farmer should be put on the same basis in credit as the business man. We went through all of that argument in the original enactment of the farm land bank law, in the creation of the Farm Loan Board, in the creation of the joint-stock land banks that were a part of the farm land bank legislation, in the creation of the intermediate credit system that was inaugurated in order to increase credit facilities to the farmer.

I stated on the floor of the House of Representatives when the first one of these measures was introduced that I did not believe the bill as then introduced and finally passed

would be of any particular advantage to the farmer in Ohio; but I was told that in certain States of the Union the credit facilities were not adequate and that the farmer needed something of this sort, and with some reluctance I voted for these acts to provide for the farmer credit facilities as now written into law.

The argument appealed to me tremendously, that here are a young man and a young woman starting out in life. They ought to be permitted, if they are people of industry and frugality, to have the way opened by the Government for them to purchase a farm; and instead of paying a rental on a rented farm, as they would have to pay if they were tenants, the way ought to be opened for them to pay on an amortization plan a certain amount, say for 36 years, at the end of which time they would own the farm. Instead of having paid rent all the years and at the end of the time being turned out, they would own the farm on which they otherwise would have been paying rent.

I admit that that argument appealed to me tremendously and was somewhat conclusive; but no sooner did we open the way for loaning for the purchase of a farm than it was said that it did not include improvements on the farm and that the loaning privilege should be extended to improvements. When that was done we were asked to provide means for borrowing to stock the farm. Then the authorization was not limited to borrowing for livestock or stocking the farm, but it was extended to permit borrowing to procure seed to plant the farm. Nobody thought of such a thing when we inaugurated this credit facility. In other words, we opened the way to make it easier for a farmer to borrow without much regard to how he was going to pay when pay day came; and what has been the outcome? Note his present situation.

Today the farmer has borrowed on the farm. He has borrowed on the improvements. He has borrowed on stocking the farm. He has borrowed on seeding it. As a consequence, some of them are in a hopeless mortgage situation; and we now have reached a point where we feel that if we can relieve that mortgage situation we ought to do it. Without a doubt there will be quite a general response on the part of Congress to the appeal for action in some form to help relieve that situation.

I do not know whether the present amendment to the bill will be effective and safe or not. It certainly is a long step we propose to take; but it is the only thing that has been suggested. I frankly state that I have tremendous sympathy with the effort in some way to relieve the farmer in regard to this particular obligation; but I am not unaware of how he got into his present position.

Here is a friend of mine who is my neighbor at home. He listened to his son, not as conservative as his father, not as cautious in incurring obligations. The father goes to the bank down in Louisville and borrows \$5,000 on his farm. He mortgages a good farm. He takes the \$5,000 and builds a silo. Then, unfortunately, he uses the rest of the money to improve the house in which he lives, and to build a brick wall around the yard. In other words, outside of the expenditure for the silo, the \$5,000 has been invested in ways that will not bring him a single dollar of additional income. He called at my home and told me he could not pay the interest, and he is very, very much disturbed because I do not see any way by which he can avoid losing that farm.

Here is another neighbor of mine who owns one farm of 600 acres and an adjoining farm of 400 acres—a thousand acres, all told. He moves into town and leaves his two boys, college-bred to run the farm. They decide on going into fancy livestock, and they mortgage their farm on some venture like that. What is the consequence?

I could multiply those instances by thousands. I am in sympathy with trying to help relieve the condition if I can; but Congress must not give any promise that it is going to act as the almoner of every person who under the law has embraced an opportunity in which he has gone beyond his depth. That is not safe.

I mention this to indicate to you that in our desire to make credit facilities more open and more readily secured,

we have made it possible for many people to go beyond their depth, and we are now asked to relieve them.

I admit that the depths to which they have gone are not altogether due to themselves. The obligation, of course, is due to themselves, but the loss in the productiveness of the farm by a price decline is not entirely due to them; and that makes the question a very difficult one.

My farmers are constantly asking, "Why do you not reduce the taxes? They are fixed, and we cannot get rid of them." The farmer had thought that the taxes that burdened him were taxes laid upon him at Washington. That is an error. While in Washington we reduced the taxes one third per capita until the depression set in, the States increased their taxation three times—at least, mine did, and I think most of them did. The farmer must be relieved somewhat of this burden of taxation; but that is the function of the State, and not the function of Washington.

We might help on the interest charge. That, I think, could be a phase of Federal legislation. We could help on the establishment of principles of bankruptcy so that the farmers might have an extension of time, or something of that kind. That, I think, would be within our province. When it comes to talking about relieving the farmer of taxation, however, the relief must come through the State legislatures that are constantly increasing taxation, and doing it not necessarily at the request of the farmer, but with his assent.

I have suggested that the States might make a shift. Since we are bound to have Federal highways—or rather national highways; they are partially Federal—since we are bound to have good schools, and we are bound to have improvements in the States—and we all want them—I think it is absolutely inevitable that the States must make some provision by which taxes may be partially shifted from the farmer to other property owners. That, I think, must come; but that will come through the State and not from Washington.

I say that much to indicate to the Senate the problem that faces us, and how we have gotten into this situation.

In this mass of legislation that has been proposed, some was proposed that I did not vote for. The equalization fee that was presented by the distinguished Senator from Oregon [Mr. McNARY] I could not support, but not because it was unsound economically. I think, and stated at the time, that the equalization fee that dealt with the surplus, that placed upon the man who was to get the benefit of the law the burden of suffering any loss in the disposition of the surplus, was a sound proposal, because the penalty that would be attached would be a deterrent against overproduction, if there could be any deterrent.

My opposition to the equalization-fee plan was that in my judgment it was not only unworkable but that it would create such an enormous bureau, and would not only do that but would ultimately produce a terrific revulsion of sentiment in the country against it. That is one of the proposals that was discussed here at length, which did not become a law, and for which I did not vote.

The debenture plan did not become a law, and I did not support that. It was a clear subsidy. It had this merit, however: that it was definite. Under it there would have been paid half the tariff, and the tariff is written into law. It is certain, it is not flexible, it is not one thing today and something else tomorrow. It is fixed until the law is changed. So that every producer would know just what amount of money he would get on that part of his product that was exported. It had that merit; but it had several demerits, to which attention was called, and I did not support it.

Mr. President, in the partial failure of the operation of the laws we had already enacted, and in the failure to enact these two plans, the equalization-fee plan and the debenture plan, both parties went to the country in 1928 with a pledge to relieve agriculture. The principle announced was that agriculture should be brought up to a parity with other industries.

Mr. President, that is a very difficult thing to do. Agriculture is different from all other industries. Most indus-

tries are a matter of quick turnover. Many industries have a complete turnover every 3 months. Agriculture cannot have a turnover except once a year, outside of the poultry business, and we might say also in the case of a certain grade of livestock.

It is very difficult, if not impossible, to bring agriculture, an industry of slow turnover, to an equality with other industries with a quick turnover. Think of the automobile industry, how quickly a car can be produced. It is sold and then they are ready to go ahead with unlimited capacity to produce. We cannot bring agriculture to a parity with that kind of an industry. No legislation would do it, no matter how many laws we enacted.

The Democratic Party made its announcement on agriculture in 1928, and the Republican Party made its announcement. The Republican Party took the position that the thing to be done was to aid the farmer to solve his own problem, and in order to do that it enlarged the principle of collective bargaining by the enactment of the Marketing Act. The Marketing Act did only two things: First, it gave authority to create marketing associations, with adjunctive power of establishing stabilization organizations, and with a sufficient capital provided by the Government to make it effective.

My Democratic friends—and I want to stay wholly out of politics in this discussion—largely voted for the Marketing Act, and it was a consistent thing for them to do. The very first disappointment to me was that in the Senate there was put onto that measure the debenture plan. When the debenture plan was voted on, 21 Republicans voted for it and 33 Democrats. Twenty-one Republicans voted against it and two Democrats. So that the bill carrying the debenture plan was passed in this Chamber. It then went to the House of Representatives, and was sent to conference. In conference the debenture plan was taken out, and the bill came back to us. On the vote on the conference report, 39 Republicans voted for it and 4 Democrats, and 13 Republicans voted against it and 32 Democrats. So that the conference report, with the debenture plan out, failed in the Senate, and the bill went back to conference again. When it came back, with the debenture out, 74 voted for it and only 8 voted against it. The 74 was made up of 47 Republicans and 27 Democrats, and those against it were 3 Republicans and 5 Democrats. So that the final vote was a nonpartisan vote and pretty nearly unanimous. That is the history of the vote on the Marketing Act, also known as the "Farm Board Act."

Mr. BORAH. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. BORAH. Did the Senator say 74 voted for it?

Mr. FESS. Yes.

Mr. BORAH. The Senator means voted for the conference report.

Mr. FESS. Yes.

Mr. BORAH. That was not a distinct vote on the debenture.

Mr. FESS. No. Seventy-four voted for the conference report.

Our Democratic friends have criticized the Farm Board Act very vigorously. I do not blame them for their statement that they voted for it because it was an administration measure and it had not been possible to present anything else, and therefore they voted for it because there was nothing else for them to do. But I think our Democratic friends ought to recall their own plank on that particular question. Their plank in the platform of 1928 on the farm situation read as follows:

Creation of a Federal farm board to assist the farmer and stock raiser in the marketing of their products, as the Federal Reserve Board has done for the banker and business man.

So that the creation of the Board was not merely a Republican idea; it was also a Democratic idea. The plank goes on to state why they wanted the Board created.

Now, in the hour of agriculture's need, the Democratic Party pledges the establishment of a new agricultural policy fitted to present conditions under the direction of a farm board vested

with all the powers necessary to accomplish for agriculture what the Federal Reserve Board has been able to accomplish for finance.

I mention that not to bring politics into the situation but especially to indicate that the board idea was not only a Republican idea but also a Democratic idea.

Mr. President, in the administration of the law there has been a lot of disappointment. I am not in position to say whether things would have been worse, and how much, if we had not had that legislation. Many people think they would have been much worse; they may have been. I am not in a position to say just how much we, as agriculturists, were able to secure out of this legislation. The farmers represented here in Washington were in favor of it. But I want especially to call attention to this fact, that the President of the United States, in the appointment of the Board, recognizing the tremendous responsibilities and the serious problems confronting him, took many weeks in the selection of the Board, with an entire omission of any consideration of whatever source except to benefit agriculture in the proper administration of the law. When I called upon the President on behalf of an Ohio farmer candidate, the President made it clear that my candidate did not measure up to his standard. The Board started out to enforce the law.

Mr. FRAZIER. Mr. President, I wonder whether the Senator from Ohio will agree with me that there was a concerted effort and propaganda to discredit the Farm Board and discredit the Farm Marketing Act.

Mr. FESS. I fully agree with that statement. I think that was quite evident in my own State, and for that reason I am not in position to state just how much good we got out of it or how much worse the condition would have been if we had not had the legislation.

I want to call attention to the care exercised in the selection of the Board in order to make the administration effective, in order to make the operation of the law a success. Those men, representing the particular commodities over which they had control, were certainly as well equipped as anyone who could have been found. I sat in a conference at one time and listened to a conversation like this when we were about to go into the market to buy wheat and cotton: It was asserted, as it had been asserted here on the floor, that we never would need to do that; that all that would be necessary would be to write into the law authority to do it, and that we would never need to exercise it. The theory of it was that if the dealers should know that the Federal Government had the authority to go into the market and buy wheat and cotton at a price which the Government would fix, the mere authority, without ever exercising it, would be sufficient to keep the price up. It was not.

Then when it was made clear that they would have to start actual buying the question was as to how much they should buy. It was thought that without doubt if they started to buy, so that the trade would see that the Government was doing it, there would be no necessity of buying more than five or ten million bushels of wheat. Yet we went on and bought to the extent of 200 million bushels, keeping the price of American wheat about 22 cents above what it was in Liverpool, until it became necessary to announce to the country that the Board would not follow that practice the next year. When that announcement was made the force of the Government's fiat was withdrawn and wheat went back with a bang, as everybody knew it would.

There was a board composed of men of the best ability that I know of, yet incapable, through their consultation power, to keep the price up to a certain figure, even though they went into the market and bought. That failed. What does the pending bill propose to do? It proposes to give to one man the power to do what, under the law, this aggregation of men could not do.

The fact was that the Farm Marketing Act did not please the public, and there was great opposition to it from various sources. Farmers were disappointed in the prices not being kept up, and both those interested in agriculture and gen-

eral improvement began to study to determine what change should be made or what ought to be done. Have we gone toward the end? Is there any other way?

We heard in this Chamber time after time that the failure to keep the price of wheat above a dollar a bushel was due to the fact we did not buy all the wheat in the country; that if we had bought it all we could have fixed the price to suit ourselves. There were certain Members of the Senate as well as of the other House who thought we ought to go to that extent. Of course, I think that would be perfectly futile. I agree with the statement of the Senator from Georgia [Mr. GEORGE] in his reference to the effort of Brazil to valorize coffee and of Great Britain under the Stevenson Act to increase the price of rubber. It simply cannot be done as a permanent policy; it is an impossibility; and we certainly have abundant evidence of that inability and futility.

In the campaign last year I was very much interested in knowing what the policy of the Democratic candidate for the Presidency, Mr. Roosevelt, would be. On the 14th of September, in the city of Topeka, he made his pronouncement on the question of farm relief. On September 15 the New York Times blocked on the front page the salient statements of that speech. I have read that speech, and the Presiding Officer, as well as every other Senator, will recall that it dealt wholly in negatives. It stated what the plan would not include without specifically stating what it would include. The then candidate for the Presidency said:

First—

I am taking this time, Mr. President, because everybody is extremely anxious to do what can be done to relieve the condition of the farmers if it is at all feasible; but I feel that I cannot be expected to do what, in my judgment, will do no good but will do harm. That is why I am taking this time.

First, the plan must provide for the producer of staple surplus products, such as wheat, cotton, corn in the form of hogs, and tobacco, a tariff benefit over world prices, which is equivalent to the benefit given by the tariff to industrial products, and that differential benefit must be so applied that the increase in the farm income purchasing and debt-paying power will not stimulate further production.

Mr. President, this bill abandons the idea of the tariff benefits. I am not criticizing it for that reason, because the bill is written on a different basis from that involved in the debenture plan, which was designed to give the tariff benefits; but I note this one statement of Mr. Roosevelt, that the bill must be so written that the increase in the income and in the debt-paying power to the farmer "will not stimulate further production." There is no possibility of increasing the debt-paying power of the farmer and the income of the farmer by legislation without stimulating his production, unless we pay out of the Treasury a subsidy in lieu of his production.

Second, the plan must finance itself.

This bill is written not on the basis of the plan financing itself, although primarily it might be said that it will do so; but it provides for advancements out of the funds of the Treasury; nobody has even attempted to say how much. The Secretary of Agriculture was asked about how much this proposal would cost, and he said it would probably cost \$800,000,000; and that was a mere estimate. It is true that the bill is so written that there is to be a tax paid and turned over to the producers, and it is supposed that that will take care of the expenses; but the bill provides that there shall be advances out of the Treasury to insure against any deficit.

Third. It must not make use of any mechanism which would cause our European customers to retaliate on the ground of dumping.

I assume that that meant that it must not be a plan dealing only with surpluses. The debenture plan and the equalization plan did not deal with the portion of agricultural commodities consumed domestically; they dealt with the surplus. The surplus is the part to be dumped, and I assume that the candidate meant that the measure must

be so written that it would not result in dumping. For that reason this bill is written on the basis of the domestic consumption rather than on the exportable surplus.

Mr. FRAZIER. Mr. President, will the Senator from Ohio yield to me?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from North Dakota?

Mr. FESS. I yield.

Mr. FRAZIER. I notice that the Senator from Ohio stated that the Secretary of Agriculture said that it would cost \$800,000,000 to administer this bill.

Mr. FESS. That statement was made in his radio address.

Mr. FRAZIER. On page 131 of the hearings which were held before the committee the Secretary states:

I have been quoted as stating that the operation of the measure will cost \$800,000,000. I have made no such statement and the Department has made no such estimate.

Mr. FESS. I will accept that statement, but it was printed in all the newspapers that \$800,000,000 would be the cost of the administration of this measure as estimated by the Secretary of Agriculture.

Mr. FRAZIER. I know that statement was made, but I have quoted from the statement in the Secretary's own testimony given before the committee.

Mr. FESS. That is official, but the Senator from North Dakota will admit to me that it does not amount to a fig, when nobody knows what it is going to cost, not even the Secretary of Agriculture. It does not amount to anything.

Mr. FRAZIER. I, for one, should like to put a limit on the amount of cost on a percentage basis.

Mr. FESS. I think that would be a good feature.

Fourth—

I am still quoting from the Topeka speech—

It must make use of existing agencies and, so far as possible, be decentralized in its administration so that the chief responsibility for its success will rest with the localities of this country rather than with created bureaucratic machinery in Washington.

I think that probably the authors of the bill have tried to write that feature in it, but it certainly is not in the bill, as I shall show when I come to analyze it by sections. This bill erects a bureaucratic organization here in Washington. It has no limit in that respect; it is wholly within the wishes of one man, whatever he thinks may be necessary. It provides that he may use committees and associations in various localities; but the bill is so framed that there will be erected in the Agricultural Department, to say nothing about that to be attached to the Treasury Department, a bureau that will be equal to, if not greater than, any bureau we have now in Washington.

Fifth. It must operate as nearly as possible on a cooperative basis and its effect must be to enhance and strengthen a cooperative movement.

That is a justifiable position, because I do not believe that we are ever going to assist the farmer when he operates simply as an individual. It seems to me that he has got to be a part of a collective organization, and the cooperative feature, I think, therefore, is a valuable one.

Sixth. This plan must be, insofar as possible, voluntary. I like the idea that the plan should not be put into operation unless it has the support of a large, reasonable proportion of the producers of the exportable commodities to which it is to apply.

That feature is omitted in this bill. It was written originally in the bill that was first set up. It was provided in the original bill that it should not become operative unless 60 percent of those to be benefited approved it. This bill, however, omits that feature entirely.

Mr. President, not to be offensive, for certainly there is no ground for that, I think I can understand why the then distinguished Democratic candidate for President of the United States, and now the President, took the time to say what the bill should not contain, but not a moment to say what it should contain. It was that feature of his address about which I was much concerned. I do not care so much about what a bill may not have in it as what it actually does have in it. But, after reading this bill now before us, I know why the candidate did not specify what was to be in

the bill. He could not know then, as he does not know now. There is nothing in the bill except a delegation of authority, and that authority is broad enough to authorize the Secretary of Agriculture to explore any field of any sort that may come to his mind as being necessary to enter in order to revive agriculture. That statement is not irresponsible; that statement will be verified by an examination of this bill.

I think that I can agree with the distinguished chairman of the committee in his desire to provide some method for handling the stock of cotton now in the possession of the Farm Board. I have sympathy with him not only in his desire that that stock of cotton should be properly handled so far as the cotton producers are concerned but for the public generally, because I am of opinion that if we can get rid of that stock, it will be a benefit to all. There is one feature in that portion of the bill which I think ought to be eliminated. It is that provision which not only authorizes but directs the Reconstruction Finance Corporation to advance funds. I do not like the idea of a law directing one governmental agency to loan money to another without any discretion whatever. Such a provision is in this bill, and I doubt its wisdom, although I approve its purpose. When another bill was before the Senate on this subject that provision went out, but I see it has been put back in the pending bill. I pass over the cotton provision for the time being, but will come back to it later, when I shall want the attention of the chairman of the committee.

Mr. President, my primary objection to the bill is its revolutionary character. Subsection 2 of section 8, on page 7, provides the authority to trade in the commodities of the farmer.

We are writing into the law for the first time in the history of the Government a limitation on the freedom of the most stable citizen of America, the farmer, limiting him in his ability to care for his own business by the sale of his own product without first entering into an agreement under authority from Washington or by his purchaser obtaining a license from Washington. If the man who deals in the products of the farmer is willing to make an agreement with the Secretary of Agriculture, then he does not need a license. That agreement will represent the Government on the one hand and the dealer on the other hand. It is an agreement that dictates. It is not the result of a free exercise of mind to agree or disagree.

The agreement that is to take the place of the license is the most complete limitation on the individuality of the purchaser of American farm products. If he is willing to accept the dictation of the Secretary of Agriculture in the form of an agreement which is one-sided, then he does not need a license; but if he refuses to make such an agreement, then he has to stop business or discontinue the purchase of what he has had the right to purchase as long as his business has been in existence until he gets a permit in the form of a license from Washington. Never in the history of American business that deals with private matters has there been such an expansion of authority. But that is what is proposed here in the pending bill.

What are to be the terms of the license? Whatever the dictator may say. No one knows what the Secretary of Agriculture may decide in his last guess ought to be in it. How much does it include? Wheat? Yes. The other six articles mentioned in the bill? Yes. Anything else? Yes; everything. Nothing is excluded. I read:

To issue licenses permitting processors, associations of producers, and others to engage in the handling, in the current of interstate or foreign commerce, of any basic agricultural commodity or product thereof, or any competing commodity or product thereof.

What does that include? It includes both commodities and the products of the commodities. How many commodities are named? Seven, as listed later in the bill. How many are covered? All of them, because it covers the whole gamut by saying, "Any competing commodity or product thereof." Are potatoes omitted? Certainly not. Potatoes can easily become a competitor of flour or wheat. It includes "competing" articles. Rayon may be declared not to be included, but it is included. Wool may be said

not to be included, but it is included. There is nothing excluded except that which could not possibly be a competing article. When someone asks what can be a substitute for food, the reply is that everything is a substitute for food.

Mr. President, the idea that we are writing a law without terms or conditions mentioned, but existing, not yet matured, merely in the mind of somebody. The terms are not yet matured. We are writing this license with indeterminate features covering every article that can be known as "food" by including a competing article of food. That is proposed to be done in this legislation.

In the first place, I am sure the American farmer will revolt against this intrusion upon his rights to the extent that he may not sow his wheat or plant his corn or breed his stock without first getting a permit from Washington to do so. That is a new role that the American farmer is going to resist when it is undertaken to be put in operation.

Unfortunately there is no choice left to the man who is to buy the products because there is a penalty attached to a violation of the agreement or of the terms of the license.

The penalty is not only a revocation of the license but a thousand dollars fine each day during which the violation may continue. It is very difficult for me to understand how anyone can get the consent of his own mind to agree to tying down agriculture like that, punishing a dealer for buying an article of the farmer without a license to do so, and this to advance the price. There are additional burdens in subsection 4 of the same provision.

Mr. President, it is indeed revolutionary to create by act of Congress a dictator over this great industry made up of farmers, representing 30,000,000 of our population. A dictator is to be placed over the farmer in a complete denial of his individuality, which in the end must be so offensive to him that I suggest there will be a terrific adverse reaction when it becomes operative.

Not only that, but the particular taxing provision is probably the worst thing we have ever undertaken to write into legislation in this country. Taxation is a method employed for support of the public, including all citizens in the country levying the tax. This is the method employed from the beginning of civilized government. The time was, of course, when public taxation was not used, but it was prior to and including the feudal days when the public was not even considered. But when we reached the Anglo-Saxon view that every citizen was a part of the government and recognized as a partial bearer of the burdens of government, we adopted the public system of taxation. That became the Anglo-Saxon practice. We have been very jealous in keeping the taxing authority where it belongs, in the hands of the people—more jealous about that than any other subject with which we deal.

Senators are not oblivious to what caused the war of independence. It grew out of taxation. Senators are not oblivious to what produced the French Revolution. It was the subject of taxation. We wrote our Constitution following an accumulated series of events that constituted a struggle between the Government and the people. I have often thought, when I have been reading the lives of men like Gladstone, Chamberlain, Palmerston, and others, of those who covered the great reform era in Great Britain, and marked how they struggled to get certain reforms adopted, that we never had any struggle over such matters because they were fundamental with us and written in the beginning into our organic law. Take, for example, Gladstone, who was in Parliament 63 years, 5 times Chancellor of the Exchequer and 4 times Prime Minister, a record never achieved by any other man in the British Empire. He has to his credit a long list of great reforms, including, among others, the reform relating to general education. That reform was never fought out in this country because we made it a fundamental right at the beginning. Another reform related to the freedom of a person to go to a university without regard to his religious affiliations. It is difficult for us to realize that that was not accomplished in Great Britain until 1877, and yet for centuries we had built our Government on that fundamental principle as the most elemental of

principles. The electoral reforms, including the privilege of franchise, ran through many stages in the last century.

So it goes. If we read of the successful efforts of those great statesmen in their efforts at reform, the striking fact will be found to be that notwithstanding their struggle covered a century of debate and effort, we never had it because we wrote those principles in the beginning in our organic law, the Constitution, or else the Bill of Rights, which constitutes the first 10 amendments to the Constitution. One of the things that we wrote in the organic law was that all bills creating revenue, the taxing feature, must originate in the House, because Members of the House were designed by the framers to represent the people and thus it would be the people doing it. We keep the right of taxation close to the people, and we have never permitted any deviation from it. Nowhere has it ever been attempted to delegate the power of taxation away from Congress. On yesterday the Senator from Delaware [Mr. HASTINGS] quoted the bristling debate of Democratic Senators on this subject. That is an unheard-of thing. It would even not be tolerated in Europe.

But what are we attempting to do here? It is proposed to violate every fundamental principle of this feature of the Constitution. We are asked to ignore the very genius upon which American liberty has been built. We are asked not only to give to an individual who is an appointive officer, with no responsibility to the people, the right to say what the tax shall be, but we are asked to give him the right as to the time to levy it and determine how it shall be collected, and then to grant him authority to provide for its expenditure before it is collected.

Mr. President, there never before has been in the wildest imaginings of the most fertile brain, any such proposal as is contemplated by the taxing section of this bill. Taxes must be clear. That is elemental; but here it is as clear as mud, because nobody knows what it is going to be.

Taxes must be certain. The only certain thing about this is its uncertainty, for it is in the mysticism of the brain of an appointive officer.

Not only that, but not a dollar can be gotten out of the Treasury except by an appropriation. The Constitution is specific on that point. Every bill, resolution, and so forth, that is designed to take money out of the Treasury must go through the two Houses and be signed by the President.

What does this bill do? The tax is not yet fixed. The tax is not yet collected. The tax is supposed to go to the Treasury; but the tax is taken out of the Treasury, in violation of the Constitution, by the act that authorizes it to be placed in the Treasury, the appropriation being made even before the tax is collected. Nothing like that has ever been suggested before, so far as I know, by anyone here in the United States nor in Europe.

To obtain revenue for extraordinary expenses incurred by reason of the existing national economic emergency, including expenditures for rental and benefit payments and administrative expenses under this title, there shall be levied processing taxes as herein-after provided—

And so forth. What is the tax? We do not know. Notice the uncertainties in this section:

The rate of tax shall conform to the requirements of subsection (b). Such rate shall be determined by the Secretary of Agriculture.

It is not fixed. The Secretary of Agriculture does not know what it will be. The rate of tax, which is one of the subjects of greatest controversy upon questions of taxation, is to be left to an appointive officer.

Such rate shall be determined by the Secretary of Agriculture as of the date the tax first takes effect, and the rate so determined shall, at such intervals as the Secretary finds necessary to effectuate the declared policy, be adjusted by him to conform to such requirements.

Not only is the rate to be fixed by him but when it is laid, and when it will stop, is fixed by him.

The processing tax shall terminate at the end of the marketing year current at the time the Secretary proclaims that rental or benefit payments are to be discontinued with respect to such commodity.

When will that stop?—

The marketing year for each commodity shall be ascertained and prescribed by regulations of the Secretary of Agriculture.

We do not know.

Why was it that the distinguished gentleman who is now President—a candidate at the time—did not specify anything as to what this bill would include nor make the merest suggestion when he spoke in Topeka? The reason is quite obvious—because nobody knew then, and no one knows now, not even the President. We are, therefore, giving it over to one mind. I think I need not say that so far as I know, the present Secretary of Agriculture is a man of very capable mind. It is not that to which I object; but we are giving over to one person the power to fix something when nobody knows what it will be, and then give it the force of law.

(b) The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity; except—

Now, listen:

except that if the Secretary has reason to believe that the tax at such rate will cause such reduction in the quantity of the commodity or products thereof domestically consumed as to result in the accumulation of surplus stocks of the commodity or products thereof or in the depression of the farm price of the commodity, then he shall cause an appropriate investigation to be made and afford due notice and opportunity for hearing to interested parties.

And he can then discontinue it or modify it.

Here is a tax uncertain as to rate, uncertain as to when it is to begin, uncertain as to when it is to end, all in the power of the Secretary of Agriculture. He lays the tax. He comes to the conclusion that it was a mistake. Then what does he do? He rectifies his mistake by changing it. He modifies it by increasing it, or decreasing it, or taking it off entirely.

How is business going to run on such a basis as that? And how is the farmer in whose name we are legislating going to fare under such a dictation?

The section following this defines the terms of the bill. It states what are the basic articles, naming 7. Then it defines what processing means in the case of wheat, and it defines what processing means in the case of cotton, and so on, including corn. Then there is this singular language, remembering that the bill is all-inclusive under the competing segment of the bill. Now, note this:

In the case of any other commodity, the term "processing" means any manufacturing or other processing involving a change in the form of the commodity or its preparation for market, as defined by regulations of the Secretary of Agriculture.

What is the definition? It is intended to tell the public what the legal term means in its proper construction; and what is this definition? It defines the item to be what the Secretary of Agriculture will say it is to be. That is a definition that needs defining.

If there is anything that is essential in a law, it is clarity, clearness, and certainty, so that its meaning may be known. There can be neither in the mysticism of a single mind, the dictator of the production of 30,000,000 people distributed to 120,000,000 citizens. There is no meaning to be given here, because it is not yet defined by the Secretary of Agriculture.

Yesterday the Senator from Delaware [Mr. HASTINGS] discussed in a forceful and eloquent speech the bureau here at Washington. I do not intend to take any additional time on that subject.

In the admirable address that was delivered by the Senator from Arkansas [Mr. ROBINSON] on last Friday, as I remember, I raised the question of the meaning of subsection (c) of section 10. I do not think I ought to be at all surprised at the stretch of power that is in this subsection, in view of the fact that there is no limit to the authority given to the Secretary of Agriculture. This bill, in fact, wholly substitutes the power of the Secretary of Agriculture for the power of Congress:

(c) The Secretary of Agriculture is authorized, with the approval of the President, to make such regulations with the force

and effect of law as may be necessary to carry out the powers vested in him by this title. Any violation of any regulation shall be subject to such penalty, not in excess of \$100, as may be provided therein.

Mr. President, we even give to the Secretary of Agriculture the power of criminal procedure. We give to him the power to make regulations; and those regulations, by the language of the bill, are to have the force and effect of law, and any person violating those regulations is to suffer a penalty of \$100.

If it is conceivable that we want to do that sort of thing, I cannot understand it.

Mr. President, it is very obvious that the writers of this bill—which smells of the cloister and has the scintillations of the theorist—knew that it was totally unworkable; and in order to avoid clogging the channel of its operation they have, in subsection (e), escaped the auditing of their accounts by exemption from the examination of the Comptroller General.

Mr. President, if this bill were not one dealing with agriculture, a regulation like that never could get through either the House or the Senate. There is no other industry that ever could get such an exemption as that.

The theory of audit is that the spender of the money must not be permitted to audit his own accounts. The triumph of this century was when Congress took over the authority of auditing accounts of the executive department which is the spending department of this Government. Congress is the authorizing department of the Government; and the Congress that authorizes the expenditure is the power that must be permitted to audit the accounts of the Executive, who is the expending officer of the Government.

We have a bureau known as the "General Accounting Office." It is headed by one who is subject to removal only by impeachment. He cannot be removed by the Executive. The Executive has no control over him. Why? He is the spokesman of Congress, the authorizing power to examine the accounts of the Executive, the spending power. In the days of General Grant, when he wanted the Comptroller of the Treasury to do a certain thing, and he said he could not, the President is alleged to have said, "Well, I cannot make you do it, but I can get another Comptroller."

Here is the case where Congress, in a bill signed by the President, reformed the auditing of the accounts of the Executive, and took from the Executive Department the right to audit its own accounts, and created a body representing Congress to audit the accounts of the spending department, and created it in such a way that no one can remove it except Congress.

As the Presiding Officer and every Senator knows, no payment can be made if there is any doubt about it until the Comptroller General approves it as in accordance with law. We authorized last session appropriations of \$3,918,000 for the maintaining of the General Accounting Office. It is there, ready to work. Every other department of the Government must be submissive to that authority. A provision is written into this measure that none of these accounts are to be audited by the Comptroller General. I will read it, found on the bottom of page 14, subsection (e).

The action of any officer, employee, or agent in determining the amount of and in making any rental or benefit payment shall not be subject to review by any officer of the Government other than the Secretary of Agriculture or Secretary of the Treasury.

That is a complete reversal of the reform we have written, that no department can audit its own accounts, that all accounts must be audited by the auditing department of the Government, the General Accounting Office, headed by the Comptroller General, who cannot be removed except by impeachment.

Why was that written in there? Because, in the first place, we are giving the power to the Secretary of the Treasury to make law, and the Comptroller General will certainly say, "That is not law, and there will be no payment under it." We are going to get around that by not allowing him to have anything to do with it. That is a confession that the bill is unworkable, and we should never submit to such a thing as that. That section ought to go out.

When we were discussing the bill, I raised the question as to why we should give to the Secretary of Agriculture the powers written in sections 8, 9, and 10 of the Federal Trade Commission Act. Those sections in that act authorize investigations, and they can compel witnesses to attend and testify, and they would be subjected to punishment in the way of very substantial fines if they disobeyed.

Here is the Federal Trade Commission, with all the machinery set up. The proponents of this bill do not want the Secretary of Agriculture to be disturbed by any independent commission whose purpose is to do the thing they want the Secretary of Agriculture to do. I assert that with the full knowledge that it will not be contested. If it were not that orders have come down from above to pass this bill as it is written, it could not get half a dozen votes here. My friend the Senator from Washington [Mr. DILL] would not vote for a thing like this.

Mr. President, I have referred to commodities. While they are only referred to as seven, the competing angle of the bill makes it all-inclusive, governing everything. I spoke a moment ago about the revolutionary change in the taxing power. Here is the appropriation power. I read section 12, page 16:

The proceeds derived from taxes—

Where do taxes go? They must go to the Treasury. How do they come out of the Treasury? They cannot come out except by action of Congress in the regular way. The committee reporting this bill is not an appropriation committee, it is a legislative committee, and this provision for that reason alone is subject to a point of order.

The proceeds derived from taxes imposed under this title, or so much thereof as may be necessary—

Who is to say how much is necessary? The "king"?—are hereby appropriated.

Mr. President, section 12, on page 6, makes an appropriation of funds from the Treasury which have not yet been collected.

The very distinguished Senator now presiding [Mr. CLARK in the chair], who served with so much grace and dignity in the House of Representatives as Parliamentarian when his most distinguished father was Speaker, during all the time I was a Member of the House—and no one is more familiar with the rules than he—knows that not a dollar can come out of the Treasury except through an appropriation by Congress. Here is a bill which provides for the collection of taxes and, in the same measure, does not authorize the appropriation but actually makes the appropriation before the taxes are collected. If ever there was before proposed such a revolutionary procedure in legislation, I have not known anything about it.

I now read subdivision (b):

The Secretary of Agriculture and the Secretary of the Treasury shall jointly estimate from time to time the amounts currently required for such payments and expenses, and the Secretary of the Treasury shall advance, out of any moneys in the Treasury not otherwise appropriated, to the Secretary of Agriculture the amounts so estimated.

That is a guess. It is left, not with the Secretary of Agriculture alone, but with him in conjunction with the Secretary of the Treasury, to estimate what the needs will be, and then the Secretary of the Treasury is required to advance out of the Treasury funds to take care of these expenses. Suppose the expenses are beyond the income, as they will be. That does not matter.

Mr. President, the tax is collected. I am talking about the general matter of income taxes. Our collectors collect taxes, and they make some erroneous collections. There have been spurious estimates, and taxes have been illegally collected, and the taxpayer may pay under protest and come to Washington and ask for a refund. The Treasury reviews the case, it goes through a long rigmarole, through various stages, and finally it may be heard before the Board of Tax Appeals and decided that the taxes should be refunded.

Can the taxpayer whose tax has been illegally collected, and so decided by proper authorities, get his money by going

to the Secretary of the Treasury and asking him for what the Treasury says is due him? He cannot. He has to present his case before the proper officers, and they have to present the matter to Congress, and not a dollar goes out of the Treasury for a refund except as we authorize it and make the appropriation here. What does this bill do? I read subsection (c):

(c) The Secretary of Agriculture shall transfer to the Treasury Department and is authorized to transfer to other agencies, out of funds available under this title, such sums as are required to pay administrative expenses incurred and refunds made by such department or agencies.

A refund is to be paid by the Secretary of Agriculture with no authorization, either by this body or anyone else but himself. Yet a taxpayer whose taxes have been illegally collected, which fact has been so adjudicated, could not get a dollar until Congress made the appropriation. There is not a fundamental principle of taxation or appropriation upon which we have been operating which this bill does not violate.

Originally the bill provided that the law should terminate in two years. That was changed so as to provide that it should terminate when the President terminated it.

Mr. President, I especially want to call attention to section 15, subdivision (a). If this section is as I understand it, I do not think the Senate wants to pass it. It provides:

SEC. 15. (a) If the Secretary of Agriculture finds, upon investigation at any time and after due notice and opportunity for hearing to interested parties, that any class of products of any commodity is of such low value compared with the quantity of the commodity used for their manufacture that the imposition of the processing tax would prevent in whole or in large part the use of the commodity in the manufacture of such products and thereby substantially reduce consumption and increase the surplus of the commodity, then the Secretary of Agriculture shall so certify to the Secretary of the Treasury, and the Secretary of the Treasury shall abate or refund any processing tax assessed or paid after the date of such certification with respect to such amount of the commodity as is used in the manufacture of such products.

That, I think, is one of the most serious features in this bill. Let us take wheat as the commodity. The product of wheat is flour. A tax has been placed upon wheat, we will say, and the tax has been so burdensome that consumption has fallen and the price is broken.

We will say we are using potatoes as a competing article, and instead of buying the flour people buy potatoes, or something else to take the place of flour. The Secretary of Agriculture finds that that is being done. Therefore, finding that the operation of the law is resulting in the piling up of a surplus, depressing the price of both the commodity and the product, to relieve that situation, the Secretary of Agriculture will certify to the Secretary of the Treasury, and the Secretary of the Treasury shall abate or refund any processing tax.

How would that operate? The miller buys a thousand bushels of wheat. He has to pay the man who sold him the wheat the current price, and, in the form of a tax, the difference between the current price and the fair exchange price. This difference he gives in the form of a certificate. The miller has paid the farmer for this amount of wheat. He is paid for it in money and in a certificate. The farmer takes the certificate and will cash it at the bank if he can find a bank that will take it, which is cashed by the Secretary of the Treasury.

The farmer has his money from the miller and banker. The Secretary of Agriculture finds that in that process the price was so broken that he would have to discontinue it, and therefore the Secretary of the Treasury is authorized to refund the tax. To whom? To the miller, I suppose. Well, the Secretary of the Treasury owes that amount to the man who has the scrip, and if he presents it he is paid. So, if the Secretary is authorized to refund it, that much is a total loss to the Treasury, because it is paid to the farmer for his scrip and refunded to the miller.

Mr. NORBECK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from South Dakota?

Mr. FESS. I yield.

Mr. NORBECK. That is upon the theory that a change in the price of wheat may become necessary on account of the price of bread.

Mr. FESS. That does not answer the suggestion.

Mr. NORBECK. Can the Senator tell me of a single instance where the price of bread has changed on account of the price of wheat?

Mr. FESS. Examination will show that the price of bread changes when the price of wheat goes up, but it is not likely to change when the price of wheat goes down.

Mr. NORBECK. In other words, when there is from half a cent to 1 cent of wheat in a loaf of bread a condition will be created that will call for an adjustment.

Mr. FESS. The Senator knows that industry very quickly increases the price of its products if the raw commodity used by the industry is increased in price.

Mr. NORBECK. Yes; but the middleman may have to absorb a little.

Mr. FESS. And industry will not decrease the price when the price of the raw commodity goes down.

Mr. NORBECK. I admit that they "charge all that the traffic will bear"; the Senator and I absolutely agree on that. Therefore, I contend that they cannot charge any more and that the middleman has got to absorb a little of the increase. A 10-cent loaf of bread with a half a cent's worth of wheat in it is the condition we have.

Mr. FESS. Yes; but I will say to the Senator from South Dakota that does not answer the question at all.

Mr. NORBECK. No; but the Senator is starting on the presumption that a certain thing will happen, and he uses wheat as an example. I contend that it cannot happen in the case of wheat and bread.

Mr. FESS. Why put it in here, then?

Mr. NORBECK. I did not write the bill.

Mr. FESS. Why put this provision in? I am honest in my contention.

Mr. NORBECK. No one questions the Senator's honesty at all; I am merely questioning his logic.

Mr. FESS. My logic is certainly as strong as my honesty is clear.

Mr. NORBECK. I do not think so.

Mr. FESS. Yes, it is. If it is not, I want the Senator from South Dakota to explain this paragraph. Let me read it again.

Mr. NORBECK. I am not going to explain any paragraph to the Senator. I did not write the bill. There can be many explanations. I have heard here forecast a good many things that might happen. I beg pardon of the Senator and I will not further take his time.

Mr. FESS. The Senator is not interfering with me at all. The Senator from South Dakota is one Member of this body who knows about this very question probably better than anyone else, and it is a subject that I want him to explain to me. I will read it again:

SEC. 15. (a) If the Secretary of Agriculture finds, upon investigation at any time and after due notice and opportunity for hearing to interested parties, that any class of products of any commodity—

I took flour just as a sample—

is of such low value compared with the quantity of the commodity used for their manufacture that the imposition of the processing tax would prevent in whole or in large part the use of the commodity in the manufacture of such products and thereby substantially reduce consumption and increase the surplus of the commodity, then the Secretary of Agriculture shall so certify to the Secretary of the Treasury, and the Secretary of the Treasury shall abate or refund any processing tax assessed or paid after the date of such certification with respect to such amount of the commodity as is used in the manufacture of such products.

Mr. NORBECK. Mr. President, I ask the Senator whether he made inquiry of the Secretary of Agriculture as to his interpretation of that provision?

Mr. FESS. I have not.

Mr. NORBECK. Nobody else can interpret it.

Mr. FESS. I think probably that is so.

Mr. NORBECK. Why not address the question to those who will interpret it? That could have been done a week or two ago and the Senator would have had an answer.

Mr. FESS. I accept the Senator's chastisement for not consulting with the Secretary of Agriculture. This is what I said: that if there is such a refund it is paying out of the Treasury the amount to the miller that the Treasury has paid to the farmer, and that much is lost to the Treasury and does nobody any good. I hold that that is incontrovertible, and it seems to me that that feature of the bill ought to be eliminated.

There are a great many other provisions in the bill along the same line. I do not want to take any more time, however, for the reason that it has been generally understood that I could not give my consent to the enormous delegation of power; but I do not want anyone to think that because of my objection I would obstruct the bill, because I do not mean to do so. I wanted to discuss the bill itself. I have only partially done so. I had anticipated going through the entire bill. However, I will not further comment on individual sections. There are some other features as to the theory of the bill, which do not go to the mechanics of it, to which I want to give attention. I should like to ask the Senator from South Carolina if he knows Mr. William D. Anderson, of Macon, Ga.?

Mr. SMITH. Yes, Mr. President; I know him.

Mr. FESS. I do not want to ask any question that might seem improper, but I am wondering whether Mr. Anderson might be regarded merely as a propagandist or whether what he might say to an individual Senator could be taken at 100 percent?

Mr. SMITH. Mr. Anderson's character and ability are certainly as fine as those of any man I know in that section or in any other part of the country.

Mr. FESS. Very well, Mr. President; I have a communication from Mr. Anderson in regard to this bill which is actually the strongest presentation I have yet seen by way of controverting the feasibility of adopting legislation of this character. It is so strong that I think it ought to go in the RECORD, but I do not know that I shall ask that it go in the RECORD because it is so long. Mr. Anderson, in pointing out his objection to the bill, states that he objects to it on three grounds. He declares the first ground to be that it would be a boomerang and would do the farmer more harm than good, and then he sets out arguments which I think are unanswerable and conclusive. Mr. Anderson says:

The bill will not restore prosperity to agriculture. It fails to provide a remedy for the vital difficulty which confronts the cotton farmer today.

He says it does not deal with the two items essential—first to increase consumption, and if that fails, then to limit production. He continues:

If we are to help the cotton farmer by legislation, then such legislation must have for its purpose a broadening of the market for cotton and cotton goods. Our objection to this bill is that its terms will tend to curtail the consumption of cotton and of cotton goods.

Further, he says—

The production of cotton must be reduced until the world surplus is of such moderate proportions that the price of cotton will not be depressed by it. His (the cotton farmer's) production must be intelligently adjusted to the consumptive needs of the world. In addition to this, the market for his cotton must be stimulated by increasing the consumption of cotton for both domestic and industrial use.

These statements of Mr. Anderson are all fundamental; they are really elemental. Then he raises the question as to just how much the price of cotton goods will be increased. I want the Senators to note this statement. He says that if the tax be applied only to the domestically consumed portion of the crop, then it will raise the price of cotton 7 cents per pound, but if it be applied to both domestic and export it will raise it 17 cents. Of course, under this bill it would apply only to the cotton consumed domestically. Mr. Anderson further says:

Either figure imposes a frightful sales tax on the consumption of cotton goods and will inevitably curtail their consumption. Those of us in daily contact with the very problem of distributing textiles are scarred with the battles we fight with the buying public over the price of goods where one sixteenth and one eighth of a cent per yard is involved in the discussion.

Where the price is increased by only one sixteenth of a cent a yard.

There will be set forth in a later paragraph figures showing that textile products in common use must be advanced from 15 to 70 percent if a processing tax of approximately 7 cents per pound is to be assessed on cotton.

Then, in asking what effect that would have upon the trade, he makes the statement:

It can be safely predicted that the passage of this bill will be a severe boomerang for the farmer and one of the severest blows that has yet been dealt him in the effort to artificially advance the price of his products through legislation that contravenes the most elemental and fundamental laws of business.

The second objection is as to the effect the bill would have upon the textile industry; and since the chairman of the committee, who knows personally Mr. Anderson, has vouched for his integrity and his ability, I want Senators to note these figures:

On the assumption that the processing tax on cotton will be approximately 7 cents per pound, the Cotton Textile Institute has made careful calculations which indicate that standard print cloth, the material out of which the dresses worn by those in moderate circumstances are made, will be increased in price from 42 to 44 percent, depending on the construction.

Mr. NORBECK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from South Dakota?

Mr. FESS. I yield.

Mr. NORBECK. What is the weight of the cotton in a cotton dress or a cotton shirt?

Mr. FESS. I think the weight is very light, but I do not know what it is.

Mr. NORBECK. It is about a half a pound, is it not? So how could the tax make the finished product so much more expensive.

Mr. FESS. I am quoting what is said by Mr. Anderson, who is an expert in cotton matters.

Mr. NORBECK. What he says is an argument rather than a statement, is it not?

Mr. FESS. It is a statement, and the argument will have whatever effect the statement will justify.

Carded broadcloth, out of which medium-priced shirts and underwear are made, will be increased 40 percent.

Dress goods are light in weight, while broadcloth is not light in weight.

Narrow sheeting—

And such sheeting is not light in weight.

Narrow sheeting, which is an article of common household use, will be increased from 55 to 62 percent, depending on the construction. Chambray, out of which work shirts are made, will be increased from 37 to 39 percent, depending on the construction. Denims, out of which workmen's overalls and work clothing are made, will be increased 46.6 percent. Wide sheeting, used in the manufacture of bed sheets, will be increased 36 percent. Carded yarns, of the type used in the manufacture of the ordinary grades of knit underwear and of workmen's socks, will be increased approximately 70 percent. The increases on the lighter-weight and sheerer fabrics used in the more expensive garments take a smaller increase than do the goods more largely consumed.

It is that phase that was the basis of my question to the Senator from South Carolina [Mr. SMITH] as to the mental integrity of the man who had written this statement. I know that when we put on a tax of so much it is said that it is a tax of 100 percent in the form of a sales tax. That itself does not have the effect on me that the actual figure of increase to the consumer has. In other words, the Senator from South Dakota properly asks the question, If we decrease the price of wheat, how much effect will that have on bread? When we increase the price of wheat we say it is so many percent, and yet it will not increase the price of bread. I want every man to know that if we put on this percentage of increase in the form of a tax on cotton it will have a certain effect on the actual price of the finished product. I did not want it in a percentage of tax. I wanted to know how it would be reflected on the consumer, and this is his statement giving the various articles of the trade. There can be no question about the accurate knowledge of this dealer.

Mr. President, I want the attention of my colleagues in connection with another phase of the measure. It is a very dangerous thing for Congress to enter into the realm of price fixing. I do not mean merely because it is economically bad, as everybody admits it is; but I want Senators to know what effect it has upon the consuming public. It is a very serious thing for Congress by its decree to say that the consumer must pay more for his food and clothing than he is now paying. It is true that we might feel justified in saying that he is paying too much and putting a limit on it as we did in the case of the railroads. We gave the power of regulating railroad rates to a Government agency, not to increase the rates but to save the public from an increase, and forbidding an increase.

The purpose of railroad rate regulation in behalf of the public was on the theory of having lower rates and still allowing an adequate return to the railroads. That was the purpose of the law. But here it is proposed, in the interest of the public, not to reduce the consumers' costs but to increase those costs, and it is by the Government itself that it is being done. We are going to have a repercussion from this measure. Especially will we have it when the unemployed feel irked at having to pay more for clothing and food because of the voluntary act of Congress in order to assist one particular section of our population.

The Senator from Arkansas [Mr. ROBINSON] on April 7 made as strong a presentation of the pending bill as I think anybody could. He is always effective and powerful in his presentation of any subject. At page 1395 of the CONGRESSIONAL RECORD of April 7 he explained why we use 1909 to 1914 as the base period. These are the words of the Senator from Arkansas:

The base period selected by this measure, 1909-14, has not been selected by chance. The exception made for tobacco is a special case, and I shall mention it in a moment.

Indeed, it has already been discussed; questions have been asked and answered. It so happens that during that pre-war period the prices of the things the farmer sold and the prices of the things he bought were in the most satisfactory exchange relationship that had been achieved up to that time. So far as price relationships were concerned, the buying power of both farmer and city worker was functioning smoothly and effectively. We seemed to have reached the point in this period when both agriculture and industry were prospering on even terms.

That is a clear statement of why that period was accepted. But that was a period of high prices and I am wondering whether the Senator from Arkansas recalls what the Democratic platform of 1912, which fell within that period, said? I will read it. This is the platform adopted at the convention of 1912 held in Baltimore, which named the distinguished president of Princeton, later Governor of New Jersey, who made a very distinguished President:

The high cost of living is a serious problem in every American home. The Republican Party, in its platform, attempts to escape from responsibility for present conditions by denying that they are due to a protective tariff. We take issue with them on this subject, and charge that excessive prices result in a large measure from the high tariff laws enacted and maintained by the Republican Party and from trusts and commercial conspiracies fostered and encouraged by such laws, and we assert that no substantial relief can be secured for the people without import duties on the necessities of life are materially reduced and these criminal conspiracies broken up.

That was the plank on the high cost of living adopted in July 1912, within the period which the Senator from Arkansas states:

So far as price relationships were concerned, the buying power of both farmer and city worker was functioning smoothly and effectively. We seemed to have reached the point in this period when both agriculture and industry were prospering on even terms.

Mr. President, I do not read that plank because of what might be charged as an inconsistency of that plank with this proposal. That is not the purpose. I read the plank to call attention to the question of cost of living becoming a political issue, as in the past, on the basis of the charge and the complaint that the cost of living was too high and due to Republican policy. Here it is due to actual legislation under the leadership of that party. If Congress performed the function by its fiat, saying the price of an article of

consumption shall be so-and-so, then the consumer has a right to look to Congress as to protection against the amount of increased cost he is going to suffer in the purchase of any article of necessity. We are treading a dubious path when we enter the field of price fixing, not only economic but political. I want to avoid the necessity for any citizen of our country to feel it his right and privilege to look to Washington for relief from conditions for which the Government is not responsible and asking Congress to do for him something that it is not our business whatever to do. I very much dislike to see the Government launching into the realm of price fixing. A part of the American public will demand higher prices; another, a larger part, will charge to the Congress that we are robbing them by making the price too high. The price may not be too high, but the mere fact that we are responsible for the cost, if such proposal as this is law, makes us more or less responsive to the charge of the American people. It seems to me that is worthy of our careful consideration, especially on behalf of the producer of food who will be outvoted 6 to 1 if a contest is made between him and the consumer.

Mr. President, I regret that the problem confronting us seems to appeal to this body as a political question. We have here written a bill wherein at every place the term "economic law" should appear there has been stricken out any such term and inserted in lieu thereof "political appointment." Instead of economic laws determining, a political appointee is to determine. I wonder what would be the meditations of a man like Thomas Jefferson, the greatest representative of the liberty of the individual citizen in government that ever lived, the finest exponent of local self-government of any person in this or any other country, so far as I know, the founder of a philosophy that had such tremendous drawing power that in these many years it has controlled the Government so often and in its name at least is now in control of the Government. Yet Thomas Jefferson, the author of the classic expression "That government is best which governs least", must see the people who bear his name now foisting upon the country a policy under which the Government at Washington touches with its official dictation every individual self-respecting farmer in America. What must be the reflections of the founder of that theory of politics? Talk about Hamilton, the representative of power! He never dreamed of anything like this. In fact, no one has ever dreamed of anything like this. I cannot go along with the admitted experiment. After voting for the mass of legislation of farm relief the past 20 years, with the present results to agriculture, I cannot take this leap into sovietism.

Mr. President, this morning's Baltimore Sun contains a very interesting editorial on this subject. I do not want to take the time to read it, but I should like to have it inserted in the RECORD as a part of my remarks.

The PRESIDING OFFICER (Mr. BYRD in the chair). Without objection, it is so ordered.

The editorial is as follows:

[From the Baltimore Sun, Friday, Apr. 14, 1933]

FARM-RELIEF MYSTICISM

If the administration's farm relief bill is passed, the Secretary of Agriculture will be king of agriculture and a large part of industry as well, probably with greater powers at his command than any appointed official in the peace-time history of the Nation. Then what difference does it make whether or not he has the power, conferred upon him yesterday by the Senate over his protest, to order farmers to be paid the cost of production for their products? If we are going in for kings of agriculture, why quibble about that?

Perhaps the principal reason is that the inclusion of this particular provision would add to Secretary Wallace's obligations as a czar those of a seer and mystic. As the bill is rigged up at present, the powers are conferred upon the Secretary to attain certain fairly specific, if arbitrary, objectives—the restoration of certain price parities between agricultural and nonagricultural products. But by adding to his powers that of ordering farmers paid the cost of production for their wares, the Senate would call upon the Secretary to master the unknown. There is no agreement on the nature of "cost of production" as an economic concept. Down through the ages economists have been fighting about it indecisively. And could that fight be settled, there would remain the terrific job of applying the concepts to millions of farms,

with the ultimate goal being the attainment of certain relatively meaningless averages.

Since the Senate would merely authorize and not direct the Secretary of Agriculture to order farmers paid cost of production for their products, it may be argued that the Senate action makes no difference because Mr. Wallace has said he does not want the power. In being made a king, however, Mr. Wallace probably realizes that he will not only be under popular pressure to live up to the legends about kings, but a prey to his own impulses to move from mere temporal power to triumphs in the realm of metaphysics. Successful application of the cost-of-production formula would call for such a triumph. He is wise to try to avoid the obligation, and the House would do well to see that it is not forced upon him.

It is bad enough to be faced by a farm-relief program which involves dangerous movement along "an untrod path" through worldly mazes. We should be saved the necessity of having our Secretary of Agriculture become a practicing mystic.

During the delivery of Mr. Fess' speech—

Mr. GLASS. Mr. President, will the Senator yield to me so that I may send to the desk an amendment to the pending bill in order that it may be printed for consideration at a future time?

Mr. FESS. I shall be glad to yield.

Mr. GLASS. I send the amendment to the desk, and ask that it be printed and lie on the table.

The PRESIDING OFFICER (Mr. ERICKSON in the chair). The amendment will be received, printed, and lie on the table.

Mr. FESS. Does the Senator desire to have the amendment read?

Mr. GLASS. No; I do not care to have it read.

Mr. FESS. I am glad to yield to any request ever made by the Senator from Virginia.

After the conclusion of Mr. Fess' speech,

Mr. CAPPER obtained the floor.

Mr. NORRIS. Mr. President, will the Senator from Kansas yield to me to put in the RECORD something to which my attention has been called by the remarks of the Senator from Ohio?

Mr. CAPPER. I yield to the Senator from Nebraska.

Mr. NORRIS. The Senator from Ohio has referred to the increased cost to the consumer. I do not find myself in disagreement with the Senator from Ohio in the fundamental principles involved. I think the present legislation is excusable only on account of the terrible conditions in which we find ourselves. It seems reasonable to infer that if we increase the price of wheat and other farm products to the producer, we will increase the price to the consumer; and yet statistics show that that does not always occur.

Nobody can tell now how much the price of a loaf of bread or a package of cigarettes will be increased if this bill goes into effect. Many people think it will not be increased at all.

As bearing on the subject, I desire to quote some figures given before the Senate Committee on Agriculture and Forestry by Mr. Francis J. Clair, president of the National League for Economic Stabilization, Chicago, Ill. It appears on page 204 of the hearings.

He proposed, in the plan that he was presenting, to fix the price definitely, although he said it would be changed from year to year; but under present conditions he wanted to fix the price of wheat at \$1.25 a bushel, the price of corn at 87 cents a bushel, the price of cotton at 18 cents a pound, the price of wool at 32 cents a pound, and the price of oats at 42 cents a bushel. Starting from those figures, Mr. Clair made some computations.

He said that he was out in Iowa, at the town of Lamar. He went to the elevator. He saw a farmer bring in a load of corn and sell it to the elevator man for 4 cents a bushel. That is what the producer got when he delivered it to the nearest railroad market from his farm.

The same day that he saw that, Mr. Clair says, he went to a restaurant in Lamar. He bought a package of Post Toasties, made of corn, probably produced right in that vicinity, and he paid 10 cents for it. It weighed one half ounce. It contained one half ounce of corn. So he figured out that that made \$3.20 a pound, or \$192 a bushel, that the consumer was paying for corn.

He went on to say that he came to Washington. The day before he testified he bought a package of Puffed Wheat. It weighed one half ounce. He paid 10 cents for it in a popular restaurant here in the Capital City. He figured out that that meant \$300 a bushel that he, the final consumer, paid for wheat which the farmer in Kansas and Nebraska is selling now for 24 or 25 cents a bushel, and in some places for less.

Then he referred to Uneeda Biscuit, a product of wheat. Uneeda Biscuit sold for 5 cents a package when wheat was selling for \$3.65 a bushel. It is selling for 5 cents a package today.

Let me read something that Mr. Clair says happened in Chicago at a bakers' convention, where he was in attendance just 6 weeks ago. He saw a new device offered to the bakers to slice bread before it was furnished to the housewife.

After some 2 hours spent with the manufacturer of that machine—

Mr. Clair says—

I was able to calculate that this one little new device, a machine to cut bread, cost more per loaf to slice it than the farmer got for the raw material entering the breadstuff. What is true of the Uneeda Biscuit is true of a suit of clothes.

He figured out, on this basis that I have told you about, with the price of wool at 42 cents a pound, how much there is in a suit of clothes and what it costs.

Mr. FESS. Mr. President, will the Senator yield?

Mr. NORRIS. I have not the floor. I am speaking by the courtesy of the Senator from Kansas.

Mr. FESS. Will the Senator from Kansas yield?

Mr. CAPPER. I shall be glad to yield.

Mr. FESS. Has the Senator any figures as to the increase of price of the product when the commodity price increases? The Senator's figures are as to a decrease.

Mr. NORRIS. Yes.

Mr. FESS. I do not think the price of a product is decreased by decreasing the price of the commodity.

Mr. NORRIS. The Senator may be right about that, but it ought to be. If it is a fair rule, it ought to work both ways. If the consumer is to be charged the same price for a loaf of bread or a package of Uneeda Biscuit when the farmer gets \$3.65 a bushel as when he is getting 25 cents a bushel, the thing ought to work the other way also, and if it is fair it will.

Mr. FESS. I think the Senator misinterpreted my question.

Mr. NORRIS. Probably.

Mr. FESS. The point I made was that when the price of the commodity is increased the baker will almost certainly increase the price of bread; but when the price of the commodity is decreased he does not decrease the price of bread. I think that is the practice.

Mr. NORRIS. The Senator will admit that it ought to be done, however.

Mr. FESS. Yes.

Mr. NORRIS. In other words, I am trying to illustrate that nobody can tell just what the effect on the consumer is going to be when the price of the product produced by the original producer is changed, either up or down. We do know, however, from the statistics, that there is no mathematical rule by which that can be determined. I concede that the price of the finished article ought to go up and down, just as the price of the raw product goes up and down, but it does not operate that way; and many believe—and I think they are partially right—that that would be the case here.

I am not one who is claiming that an increase in the price of the raw commodity will not increase the price to the consumer. I do not want to be understood as taking that position. I think it will be justified, however, because we start with the basis that the producer will not and cannot continue to produce unless he gets at least the cost of production.

I thank the Senator from Kansas for yielding to me.

Mr. CAPPER. Mr. President, I desire to bring to the attention of the Senate the action of the Legislature of the State of Kansas with respect to the pending legislation. It is in the form of a concurrent resolution adopted unanimously by a legislature which is especially well qualified to voice the wishes of the farmers of Kansas and is well qualified also to speak for the agriculture of the West.

The resolution is as follows:

Whereas Kansas is largely an agricultural State and largely dependent on that industry; and

Whereas prices of agricultural products, both crops and livestock, are now, and have long been, so low that the farmers are unable to pay taxes, interest, and upkeep and to secure a living return for their capital and labor; and

Whereas many farmers already have been dispossessed of their homes and thousands more are threatened with the loss of the accumulations of a life of toil; and

Whereas the business of our cities has been heavily curtailed by the plight of agriculture and thousands of our laboring men have been thrown out of employment: Therefore be it

Resolved by the senate (the house of representatives concurring therein). That the Congress of the United States is urged to speedily enact into law the measures for farm relief as now proposed by President Roosevelt in special message of March 16, 1933, in order that agriculture and industry may be rehabilitated and labor given employment; be it further

Resolved, That the secretary of state be, and is hereby, directed to transmit copies of this resolution to the President of the United States and to the Senate and to the House of Representatives of the United States, and to each of the Members of the Kansas delegation therein.

Then I have a telegram which comes from the farm organizations of the State of Kansas. Every farm organization with a State-wide membership joins in this appeal to the Congress to enact this legislation.

The telegram, dated April 7, addressed to myself, says:

The committee of Kansas farm organizations—

And let me say that they have a membership of nearly a quarter of a million—

consisting of State Farmers' Union, the Grange, the Farm Bureau, the Kansas Wheat Marketing Association, the Farmers' Union Jobbing Association, Cooperative Commission Co., Cooperative Grain Dealers, Equity Union, Kaw Valley Potato Growers' Association, and Washington County Creamery Association, assembled in annual meeting, unanimously endorses the emergency farm-relief measure as passed by the House and as it now stands in Senate, and urges its speedy enactment. We collectively and individually offer our support in its administration in any way in which we may be of service.

RALPH SNYDER, *President.*
W. O. SAND, *Secretary.*

Mr. President I am going to vote for the pending emergency farm-relief measure because I believe it is a step in the right direction. I hope it is a long step in the right direction. I realize fully that it proposes to give unusual, in some respects almost unlimited, powers to the executive branch of the Government. I realize that to a great extent the success or failure of the measure depends upon the wisdom, the patriotism, and the common sense with which it is administered.

No one is more fully aware than I of the fact that no one piece of legislation—nor, in fact, any amount of legislation alone—can solve all the problems of agriculture.

Everyone sympathizes with those simple souls who demand a "simple and easily understood" bill for the relief of agriculture. But the fact is that the relation of agriculture to industry in a complex and highly developed civilization is a very complicated relationship.

There is no simple solution to such a complicated problem, nor is there any guaranteed solution. If there were a simple solution, guaranteed to work, we would have little trouble in reaching an agreement to adopt that solution and use it.

I am perfectly aware of the fact that this measure, especially in its implications and possibilities, is a complex piece of legislation. Also, I am aware that it is highly experimental and possibly may not work.

Now that does not mean that I am supporting the measure because it is complicated, because it is experimental, because it may not work. It simply means that I am voting for it with a full recognition of these objections to the measure. I favor the lower rates of interest for refinanced

farm mortgages, as provided in the Frazier bill, but otherwise the measure has my approval.

As a matter of fact, I have hopes that the measure is flexible enough to make it possible for the Secretary of Agriculture—perhaps I should say the President of the United States, because it really is to the President that we are granting the broad powers conveyed in this measure—I have hopes that the act's flexibility will make it possible for the President to succeed in this experiment of national planning for the country's basic industry of agriculture.

In connection with the broad powers granted the Chief Executive and the Secretary of Agriculture in this measure, I want to say something else.

Even if I were not so vitally interested in relief for agriculture, even if I had less faith in this measure than I have, I probably would feel impelled to support the measure.

In the first place, President Roosevelt has asked for its enactment as a part of his national emergency program. He says this measure is a necessary part of that program. Under present conditions, with this Nation in what I believe is the most critical period in its history, at least since the Civil War, I have been supporting the President's other emergency measures—excepting the one which declares 3.2-percent beer to be nonintoxicating, and I reserved my right to oppose that from the beginning. I intend to continue giving him my support as long as he proposes constructive measures which are plainly intended and planned and worked out in the public interest.

In the second place, almost ever since I have been in the Senate, Congress has been trying earnestly to find a solution of this farm problem. We have tried earnestly, conscientiously, patriotically; but there were too many of us with varying ideas to agree upon what should be done. Now President Roosevelt has asked for the responsibility of solving the problem. He says give him the power and he will take that responsibility. At least we will get action in place of inaction and in my judgment we are more likely to get results from action than from continued inaction, and, in a way, this may be the most practical program yet suggested in Congress for dealing with the ills of agriculture.

For one thing, this measure deals with realities; this measure faces facts; it gets down to brass tacks, so to speak. It is based upon a realization of actualities, actualities which until now only the farm organizations, the farm leaders, some economists, and a few who have been known as "the farm bloc" in the Congress for the last 10 or 12 years have known to be the facts.

The pending measure, this program for restoring farm prices and farm purchasing power, lays down the flat proposition that to restore agriculture, to bring the farmer back into the buying market, to make farming pay, it is necessary to bring about a parity in exchange of products between agriculture and industry. And that proposition goes to the heart of the problem of civilization.

It probably is safe to say that man—and mankind—needs just about 7 things to assure his material well-being. His other wants and desires and comforts and progress rest upon these basic needs. They are:

Food; shelter; clothing; fuel and transportation, including communications; a medium of exchange; and reasonable security for life and property.

It has been more or less accepted in our civilization that if Government furnishes a reasonable security for life and property and controls the medium of exchange and transportation, then individuals can be trusted to provide and exchange among themselves the necessary food, shelter, clothing, and fuel, and in the process obtain each his fair share of the comforts and luxuries of life. But somewhere along the line we have fallen down. Today we have a Nation of 120 million persons, with plenty of food, enough shelter, plenty of clothing, plenty of fuel, plenty of transportation—plenty of these five fundamental requirements.

With plentiful supplies of food, however, we have bread lines; with sufficient shelter, we have millions of homeless; there is plenty of clothing, but millions only partly clothed.

With immense resources of fuel, during the winter many suffer from cold.

And with all our wonderful systems of transportation—by rail, by highways, by water, by air—necessities are not being moved to where they are needed.

Why?

There are many suggested answers to that question. I am not going to try to give an answer and say it is the answer. But I will suggest a few points that I think have an important bearing on the subject.

In the first place, Government has fallen down on its job of furnishing and regulating an adequate medium of exchange. Our monetary and financial system is grievously faulty.

In the second place, Government is not furnishing the reasonable security to life and property to which our 120 millions are entitled. Reasonable security of life and property, as I see it, means that those who produce food and shelter and fuel and clothing, and the many services that go with these, are entitled to exchange their products for other commodities and services on a fair basis of exchange. In other words, they are entitled to parity of exchange values in the exchange of their commodities and services.

One of the facts this measure takes into account is that over a period of time the group of our people who, year after year, are on the short end of the exchange of the things they produce for the things they have to get from others in the end is going to go broke. When it does, it no longer affords a market for the products of other groups.

For this reason it is in the long-time interest of all groups of the community that each group is enabled to trade its products or services for other products and services on a fairly even basis. From the national viewpoint this has always seemed to me to be particularly true of agriculture. It embraces a large part of our population. It furnishes the best market for the products of other industry. A stable and prosperous agriculture can and will keep alive the civilization of which it is a part for a long span of time.

From my casual reading of history it seems that every civilization of the past instead of maintaining parity of exchange with agriculture has insisted upon exploiting agriculture. Other industries, centralized in centers of population, organized in large units, have inevitably gained greater bargaining power than the farmers, have exploited the farmers, have ruined the agriculture of that civilization, and thereby ultimately committed suicide.

That is a foolish policy to follow. But it is the policy we have been following in this Nation.

Mr. President, this is not a generalization that I have been making. It is a statement based on the records. There is a bureau in the Department of Agriculture known as the "Bureau of Agricultural Economics." It deals with facts and figures; deals with statistics. I know that statistics are not what might be termed popular. Statistics deal with facts. Facts, even when simple and easily understood, never have enjoyed great popularity, and statistical facts are sometimes complicated. Hence not much attention is paid to them by most of the people. Statistics give most of us a headache and a tired feeling. I am not crazy about statistics myself.

Nevertheless, this Bureau of Agricultural Economics publishes, and has been publishing monthly for years, some facts expressed in figures that tell pretty nearly the complete story of what has happened to agriculture, because agriculture and industry have not exchanged their products on a parity basis.

This B.A.E., as the Bureau is known in farm circles, among other things, keeps track of farm prices. These farm prices afford an index of the basis of exchange of farm products for industrial products. The Bureau has kept track of the prices the farmer receives for his products, the prices he pays for the things he has to buy.

A careful study of the farm price structure resulted in this Bureau taking the 5-year period from 1909 to 1914 as the period in which agriculture and industry in this country were closest to an equitable basis of exchange.

This 5-year period was not Utopia, so far as agriculture was concerned. There was not even then, probably, an absolutely equitable basis of exchange between agriculture and industry. But there was an approximation of that. Both agriculture and industry were doing fairly well. If that basis of exchange had continued through the two decades since, probably we would not have made the millions with which this country was cursed in the post-war period. Neither, in my judgment, would we now have had the 14,000,000 unemployed, who seriously threaten the continued life of this Nation of ours.

As I have said, this pre-war parity of purchasing power should not be regarded as Utopia. But we do regard it, we of the Farm Belt and the farm groups, simply as the best level of purchasing power, the best balance between the major producing groups, that has thus far been attained in our industry.

Now let us see what has happened since that time. The B.A.E. started by compiling and analyzing the average prices farmers received for the various farm products during that pre-war period, 1909 to 1914. They combined all these unit prices into one figure and gave that an index value of 100. They figured out in the same way the prices the farmer paid during the same period for the things he had to buy and gave that also an index value of 100. His sales index was 100; his buying index was 100. This was taken as parity, trading products on a basis of dollar for dollar.

That is the pre-war parity which this bill proposes to attempt to restore—gradually, but with as much speed as possible—through giving to the Secretary of Agriculture very broad powers to attempt voluntary control of production, what amounts to an attempted guaranty of cost of production to agriculture, and sufficient control of marketing and distribution to give security of life and property to farmers as well as to the other groups that comprise the national family.

I might say in passing that in my judgment there will have to be monetary reform before this can be accomplished and the parity attained. But this bill does go a step in the right direction. We are not, however, discussing the monetary problem today; we are discussing the farm problem and this bill, which attempts to deal directly with the production and marketing angles of that farm problem. It may not be out of place for me to add that in my judgment we are going to have to come to the stabilized or compensated dollar, as some prefer to call it; in other words, a dollar of constant purchasing power with respect to all commodities.

I stated a few minutes ago that the farm price indices taken as a base by the Bureau of Agricultural Economics gave farm selling prices an index value of 100, farm buying prices an index value of 100. Agriculture and industry are presented in this picture of 1909 to 1914 as trading on a basis of \$1 for \$1. But that is not the picture today.

The March report, shown in a monthly pamphlet known as the "Agricultural Situation", shows that the farmer's buying index is 104, or 4 percent higher than in the pre-war period. On the other hand, the March report shows that the farmer's selling index was 49, or 51 percent lower than in the pre-war period. In other words, the farmer's unit selling price was 51 cents on the dollar, as compared to the pre-war period. His buying price was 104 cents on the dollar, compared to the same pre-war period. Divide 104 into 49, and we get forty-seven one-hundredths, which represents the farmer's purchasing power today. Stating it another way, instead of exchanging farm products for industrial products on the basis of a dollar for a dollar, the farmer is exchanging on the basis of paying out \$1.04 in exchange for 49 cents.

Mr. President, that is the farm problem, exchanging on the basis of paying \$1.04 for 49 cents. Is it any wonder that agriculture is bankrupt? Is it any wonder that industry, whose best customer is agriculture, is practically bankrupt also? Is it any wonder that labor, which is the best market for farm products, but whose job depends upon markets for

both farm and industrial products, is unemployed to the amount of 14 million?

We have defined the just laws of economics. This bill attempts to restore at least a measure of justice.

Mr. President, I have not presented the entire picture, by a good deal. Other groups of our people, especially in the ranks of labor, can show deplorable conditions, decreased buying power, lowered standards of living, complete demoralization, desperation, and despair.

To give a more complete picture, I am compelled to give some more figures, showing that this defiance of the just economic law has been going on for years.

Agriculture did not just go broke when the market crash came in 1929. Agriculture had been going behind at an average of 15 percent a year for nearly a decade, and this fact was a basic cause of the collapse of industry and finance, the threatened collapse of our entire system of government, and the threatened collapse of our entire social structure.

The farm depression has lasted for at least 12 years. During several of these years it has been acute. All the time the condition has been chronic. The cumulative effect of those years of exchanging products every year at a loss has been to destroy the farmer's purchasing power. When it finally disappeared, the wheels of industry stopped, business was paralyzed, credit evaporated, and the army of unemployed grew to 14 millions of men and women. I am giving these facts and figures because they give the background and form the basis for the farm bill now under consideration.

A few minutes ago I stated that agriculture has been going through this depression for more than 12 years. In 1920, the last year in which agriculture was on a comparatively even basis with industry—the first post-war inflation was then at its height—in 1920, on a wildly inflated post-war basis, farm products that had brought 100 cents were selling for 205 cents. The things the farmer had to buy, however, were costing him 206 cents where they cost him 100 cents in 1909-14. That is, his purchasing power for 1920 was only 99 percent of pre-war. But at that he was on a comparatively even basis with industry, according to the records.

In 1921 the farmer's selling price had dropped to 116 cents per unit, compared to 100 cents pre-war, compared to 206 cents in 1920. At the same time his buying price per unit came down only to 156 cents. Dividing 116 by 156, you have seventy-five one-hundredths, which means that the farmer's purchasing power was reduced to 75 percent. He lost 25 percent on the exchange of his year's labor and investment for the things he had to buy.

This has been referred to by many as the farmer's "75-cent dollar." The term is not exactly accurate, but it does give a true picture of the situation.

Now let us call the roll of the succeeding years, not giving the details of each calculation but merely the results.

In 1922 the purchasing power of farm products was 81 cents on the dollar, compared to pre-war.

In 1923 farm purchasing power was 88 cents.

In 1924 farm purchasing power was 87 cents.

In 1925 farm purchasing power was 92 cents; the percentage against the farmer was only 8 percent, the best he had during all that period.

In 1926 farm purchasing power dropped back to 87 cents.

In 1927 it was 85 cents.

In 1928 it was 90.

In 1929 it was 89.

In 1930 it was 80.

In 1931 it dropped to 63.

Today, as I stated before, it is 47.

Mr. President, those are just figures, but they tell a pitiful, a tragic story. It is a story like that which has preceded the downfall of every civilization, practically, that the world has known; the story of organized industry and finance crushing agriculture and thereby committing suicide. The lesson of history, as I see it, is that unless we can restore the balance between agriculture and industry, and make finance the servant instead of the master of agriculture and industry, this civilization of ours will follow

the path of previous civilizations. There are signs of it today all over the world. It is not necessary for me to point them out.

Mr. President, I must place in the record a brief sketch of what these figures mean.

For 10 years the farmer did business at an annual loss of 15 percent. It may be said that is impossible, but I say it is true. How did the farmer do this impossible feat of doing business for 10 years at an average annual loss of 15 percent? He did it by borrowing, by mortgaging his farm, mortgaging his home, mortgaging his cattle, mortgaging his farm machinery, mortgaging his work stock, finally, in the last few years, too frequently by mortgaging his growing crops.

There is the pitiful story of American agriculture. There, unless we do something to correct the situation, is the tragic story of a chapter in the decline and fall of the United States of America. And the fall of the United States of America very likely would be accompanied, perhaps followed, perhaps even preceded, by the collapse of the white man's civilization. These are not idle words, Mr. President. I fear they are words that are only too true.

Mr. President, these are the facts, this is the situation, which justified President Roosevelt in asking the Congress to enact this kind of legislation, giving unheard-of powers to the Secretary of Agriculture to accomplish the purposes set forth in the declaration of policy in the pending bill.

These are the facts and this is the situation which justify me in voting for the pending measure, supporting it, and urging the Senate and the country to support it and to co-operate with the administration in carrying it out. It is a drastic piece of legislation, it is a desperate remedy; but we face a critical situation, brought about largely by a lack of balance between agriculture and industry, plus a defective monetary system and false conceptions of merchandising and finance.

What I mean by that last statement, Mr. President, is simply this: We have developed our distribution system on the theory that merchandising consists in the sale of products. Merchandising is not a sale; it is an exchange. The picture of our foreign trade is bringing that lesson home to us. It is equally true of our domestic trade. Agriculture and industry exchange their products; they must be exchanged on a comparatively even basis if either agriculture or industry, if both agriculture and industry are to survive.

The function of finance is to facilitate the exchange of the products of agriculture and industry, and the services of those engaged in them, which is labor. Money should be regarded as a medium of exchange and a measure of value. Our financial institutions should serve industry and agriculture and labor and be paid a fair return for doing so. But it is an unhealthy situation where finance is engaged in exploiting agriculture and labor and industry. But that phase of the subject is not a part of this farm bill.

Now, in conclusion, I just want to say that I am supporting this measure for the reasons given. If it is wisely and honestly administered, this emergency legislation can be of great service to agriculture and to the country. I am willing to take the chance that it will be wisely and honestly administered. I cannot assume otherwise. Certainly I cannot refuse to support the measure; I cannot sit by and do nothing, in the face of this serious situation.

I have just stated that I cannot do otherwise than assume that the act will be wisely and honestly administered. As a matter of fact, I feel very positive on this point. I know Henry A. Wallace, the Secretary of Agriculture. I have known him for years; knew his father before him, and his grandfather. The Wallace family is a good American family. Henry Wallace has the right ideals. He understands agriculture thoroughly, and is what one might term a real agricultural economist. In the years that I have watched his work I have come to have a great appreciation of his ability, his honesty, his clear thinking along economic lines, and his patriotic conception of his duty to agriculture and to the country. I cannot conceive a man better fitted by inheritance, by aptitude, by training, by study, by ability,

by experience, and by ideals to carry out the provisions of this measure than Secretary Wallace. That is another reason why I am not hesitating to intrust this grant of broad powers to the executive department.

It is my hope that the bill will be passed and become law at the earliest possible date. Time is the essence of this legislation as an emergency measure.

Mr. President, I ask unanimous consent to have printed in the RECORD, following these remarks, an article by Dr. George J. Pierce, botanist and plant physiologist, which appeared some time ago in the Scientific Monthly and which I believe contains some fundamental truths in regard to the relationship of agriculture to the rest of society. I send the article to the desk.

The PRESIDING OFFICER (Mr. POPE in the chair). Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

By Dr. George J. Pierce

As we pass in this western world from the pioneer stages, in which the white man has successfully displaced in the struggle for existence the former occupants of the territory which he has invaded, we approach the conditions prevailing in the older countries of our world. In the oldest countries, in the crowded conditions of Asia, in the less old and less crowded conditions in Europe, we see what is before us unless man learns to effect a new balance in the civilization which he is making. In the civilizations of which ours today is the modern replica, essentially the same balance has always prevailed. Honors, rewards, and power have been given always to the nonproducer, first to the man of might, the militarist, later and today to the man of means, the plutocrat. We have always attempted to do what is contrary to nature. We light the dark hours, we build against gravity; man, a land animal, travels upon and in the sea; and now he attempts to traverse the air. He scorns time and distance as facts, and reduces them to their lowest terms. He ignores his absolute dependence upon food and drink, and crowds together so that neither he nor his neighbors can grow or capture food. By the bounty of nature he survives—destroying the producers of food. He fells the forest for fuel, housing, furniture; he converts the grazing spaces to golf courses or other less amusing uses; he makes the land so valuable that it cannot be planted to food crops; he goes where rain is scanty, and he makes the soil naked so that it washes away. He demands food and drink and, with niggardly hand and unthinking mind, plans what he is pleased to call "farm relief." So far as I can see, the world will never be safe, for democracy or anything else, until man recognizes his absolute dependence, not upon raw materials, mineral resources, coal, oil, or other sources of usable energy, but upon the two things which he cannot make, and one of which it would seem that he never can make in sufficient amount to satisfy even his minimum requirements. The clothes moth makes its own water by its own physiological processes; but who would pattern after the clothes moth even if he could? But no animal makes its own food. In this land of white collars we reward those who can buy them. We do nothing for the men who grow the linen, the cotton, and the starch to make them serviceable and, according to our esthetic standards, fitting. We compensate, more or less uncertainly, the man who grows luxuries on land for which he paid \$1,000 an acre. We force the wheat farmer to produce bread at such a price that he must grow it so far from the market that his own wage, being what is left after paying for freight, handling, storage, and the percentages of every handler between himself and the consumer, is so small that a grain broker would consider it negligible. Our food must be grown on the cheapest land if we are to buy it in sufficient quantities. The cheapest land is that most remote and hence least desired for other uses. This fact entails the long and costly haul to market, the repeated handlings by man or machinery, the risks and rents in transit and storage. The milling would cost roughly the same anywhere and at any time. The agricultural problem—and this is the crux of the problem of the struggle for existence—is due to our having emphasized and rewarded everything but the essentials of our existence.

In this funny world of ours, in this amusing country of ours, we have long discussed the device of tariffs. We have invented octroi, customs dues, and finally duties for the protection of infant industries. We have succeeded so remarkably that Ford's and safety razors are in the hands of almost all of us. But breakfast should follow the use of the razor, and lunch and dinner must be supplied to the driver of the Ford. Bread, meat, and milk are furnished in return for wages, the very lowest. This has always been the case; but it is necessarily so only because of our misconceived civilization, a civilization the honors and rewards of which are given to the least necessary parts, a broadening civilization the pyramid of which we have built upside down. The reason for the turning of youth from the farm to the town is the miserable, the delayed, the uncertain pay for producing what we cannot get along without. And if, in the struggle for existence, the farmers fail, our civilization will have destroyed itself. We grant, in debate, that agriculture is the foundation of prosperity, and

even of existence; but we do nothing to preserve it; we do everything we can to undermine it. We charge our colleges of agriculture with failure to produce farmers. Have our medical schools failed to produce physicians and surgeons, our law schools failed to produce attorneys? We reward their products with the pay they require. Our theological schools have failed. Why? For the same reason that our colleges of agriculture have failed, namely, that the compensation for training and knowledge in these two fields is so inadequate. We still see some young men of brains and character, as well as devotion, entering upon the ministry to souls; and perhaps some young men of brains and character and devotion entering, with inherited capital, upon the ministry to stomachs. But without capital how can one start to produce wheat or corn or meat? If the capital be only the land, and the young man be unwilling to use wife and children as laborers, how far can he go? He must buy seed, implements, and transport for his harvest, and his pay is what?

I see no immediate prospect of our civilization remaking itself. On the contrary, until civilization is forced by hunger, in the struggle for existence, to insure its food supply, the care of individual and public health, the protection of property, and even the aspirations to a higher life, will simply intensify the struggle for existence. We must readjust our rewards; we must compensate the producers of necessities at least as richly as we reward equal ability in other lines.

But to do this implies a social revolution in comparison with which those of the recent and more remote pasts are trifling; in which human nature, always controlled more by sentiment than by reason, will have to overcome the habits of centuries; in which wars, epidemics, famines will have their terrible parts; and before man achieves it or understands it will have taken enormous toll in human life. For until we have secured our food supply we shall continue to be in jeopardy.

On the Mojave Desert is a settlement of 600 souls watered by a slender pipe line miles long, supplemented by wells which furnish water so alkaline that it can be used only for washing, and which gives the skin a curious sliminess. All the food of the community comes over a single-track railroad 30 miles long. The community can make no water, grow and capture no food on the desert. Nor would the community be better off if it consisted of 1 person instead of 600, including women and children, for the Mojave will not feed even a "desert rat." New York City has enough milk for a day and a half, other food for 3 days. Other communities are no better off, and if we all became farmers when our supplies fail it would do no good, for it takes time for food to be produced. Food is seasonal; it must be grown in summer and stored against the winter, spring, and summer, till the succeeding harvest refills the granaries, or it must be captured. Races dependent upon the chase, whether upon land or sea, are limited in numbers and live scattered over extended areas. But civilized man lives no less uncertainly, though less obviously in jeopardy, till war or pestilence or calamitous weather reveals his weakness. Perhaps you imagine I am indulging in diluted allusions to the doctrine of Malthus. Not so. What I have in mind goes much farther than Malthus; is truly wild if you will. While I believe what I think Malthus said about the relation of subsistence and population, I am saying that to insure any population beyond the sparsest and most active in the chase there must be due reward for the production of subsistence. The hunger of others will not cause you and me or anyone else to take the bread from the mouths of our wives and children or to rob them of their seed corn for the next year's harvest. We saw this very recently in Russia. The farmer will continue to support the town only if he is paid for it, not if he is forced to the wall in the struggle for existence. His work, the most necessary and hence the most important, deserves no less reward than that of others. If he had learned the arts of combination, we should know ourselves to be at his mercy. He seems to be at our mercy, for we force him to sell and to undersell his neighbor. The result is the diminishing farm population. If this goes too far, we shall all be hungry.

But if, instead of basing our civilization on an insecure food supply and pleasing ourselves with luxuries, we insure the production of food by proper compensation for the producer, we can be sure of the future. Then man, who has overcome the insufficient buoyancy of the air, the insufficient aeration of the sea, and the limitations of time and space, may look forward to a truly glorious development as the safest as well as the highest land animal.

Mr. LONG. Mr. President, a parliamentary inquiry. I have been away from the Chamber for some minutes. We are considering part 2 of the bill, are we not?

Mr. ROBINSON of Arkansas. Yes, Mr. President. Will the Senator from Louisiana withhold his amendment until certain perfecting amendments shall have been considered?

Mr. LONG. Very well.

Mr. SMITH. Mr. President, it was the intention of the committee to go right on through with the mortgage provisions of the bill; but on account of the necessary absence of the Senator from New York, I ask unanimous consent, as we have finished title I, parts 1 and 2, so far as committee amendments are concerned, that we now take up title I,

part 1, for such amendments as may be offered from the floor.

Mr. LONG. Did I understand the Senator to say part 1?

Mr. SMITH. I suggest that we start now with part 1, title I.

Mr. LONG. I can offer my amendment to either one of the sections. I would just as soon offer it to one as the other.

Mr. ROBINSON of Arkansas. May I suggest to the Senator that he have his amendment printed and let the so-called "perfecting amendments" be disposed of before taking up his amendment?

Mr. LONG. I suppose the perfecting amendments will be very brief, will they not?

Mr. ROBINSON of Arkansas. Yes.

Mr. LONG. My amendment has already been printed. I do not mean today, but at another session, and the Membership of the Senate are pretty familiar with it. It is in the RECORD.

Mr. ROBINSON of Arkansas. Very well.

Mr. LONG. However, I will wait until the Senator has finished with the perfecting amendments, and then I will offer my amendment.

Mr. ROBINSON of Arkansas. I have some amendments of the character referred to.

Mr. McNARY. Mr. President, I beg to suggest that unanimous consent has not yet been given to the Senator from South Carolina and I want to be heard on the request.

Mr. SMITH. I ask unanimous consent that we take up title I of the bill and start with part 1 in order to perfect it, so that we will have nothing left then but the mortgage section.

Mr. McNARY. Mr. President, I wish to cooperate with the able chairman of the committee, as he knows. The impression was given out, and properly so, that we would go through the bill in the logical order in which it is presented. A great many Senators, some of whom are absent, relied upon that understanding. I do not want to go back and take up title I, embodying, as it does, the cotton provision as well as the allotment plan for the consideration of individual amendments, and foreclose Senators who are now absent proposing amendments, when they have relied upon a continuation of the original program of going through the bill.

Mr. McKELLAR. Mr. President, I do not understand that it is the purpose to foreclose anybody at all. It seems to me that we might go on with these amendments so far as we can, and other Senators will have the right to offer amendments. I am sure the chairman of the committee will permit that to be done.

Mr. McNARY. I am on the floor to have an understanding about that, and I should like to have the chairman of the committee make it clear. There are some Members of the Senate who are necessarily absent who, I understand, have individual amendments to title I. I am willing to go back and take up title I, but I do not want to conclude it today so that on another day, if we shall spend another day on this bill—and undoubtedly we will—they will be prevented from offering their amendments by reason of their absence today.

Mr. SMITH. O Mr. President, I must say to my colleague on the committee that we will not close up title I today, but will agree to such amendments as we can.

Mr. McNARY. Very well. I assumed that was the program, but I wanted a clear understanding about it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

Mr. ROBINSON of Arkansas. I desire to propose some amendments which I think will not be objected to. I offer the following amendment.

The PRESIDING OFFICER. The amendment will be stated.

The Chief Clerk read as follows:

On page 14, line 9, after the word "title", insert a comma and the following: "including regulations establishing conversion factors for any commodity and article processed therefrom to

determine the amount of tax imposed or refunds to be made with respect thereto."

On page 14, line 14, after the word "title", strike out the remainder of the line and down through line 19.

Mr. McNARY. Just a moment, Mr. President. The clerk reads so rapidly that it is difficult to keep up with him. On what page does the amendment come?

Mr. ROBINSON of Arkansas. On page 14. I can make a brief explanation of it, which, I think, will satisfy the Senator.

Mr. McNARY. Very well.

Mr. ROBINSON of Arkansas. Mr. President, under the bill as it is drafted the Secretary of the Treasury has authority to make what is called the conversion factors. The Secretary of the Treasury has asked that he be relieved of that duty and responsibility and that it be conferred on the Secretary of Agriculture, who has to perform practically all other functions under the bill. The Secretary of Agriculture is willing to have this change made. It is the only change the amendment makes.

Mr. McNARY. That is at the suggestion of the Secretary of the Treasury?

Mr. ROBINSON of Arkansas. Yes; and of the Secretary of Agriculture, both.

Mr. McNARY. It is agreed to by the Secretary of Agriculture?

Mr. ROBINSON of Arkansas. Yes; that is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I offer another amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 13, at the end of line 21, insert the following:

Title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, to the extent that it provides for the impoundment of appropriations on account of reductions in compensation, shall not operate to require such impoundment under appropriations contained in this act.

Mr. ROBINSON of Arkansas. Mr. President, this amendment is requested by the Secretary of Agriculture. Unless the amendment be adopted, reductions in compensation under the bill would be impounded and would not be available for the administration of the act despite the fact that the revenues are to be raised by processing taxes. I think there can be no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas.

Mr. McNARY. Mr. President, I do not believe this was called to the attention of the committee, was it?

Mr. ROBINSON of Arkansas. No, it was not. The amendment was suggested by the Secretary of Agriculture only a day or two ago when I presented it here. I submitted it to the Senator in charge of the bill and understood him to approve it.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Arkansas.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. I now propose an amendment to which I ask the especial attention of the Senator from Oregon [Mr. McNARY] and other Senators.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 7, line 8, after the word "parties" and the period, insert the following:

Such agreements and any act or acts done in pursuance thereof shall be presumed to be legal in any public or private proceeding.

Mr. ROBINSON of Arkansas. The bill authorizes the execution of processing agreements. Some who are expected to enter into those agreements have expressed the fear that if they should enter into agreements of the character in mind they might be held liable for prosecution under the antitrust law. The amendment is intended to make clear that if the Secretary of Agriculture and the processors do

enter into agreements, the agreements shall be presumed to be legal.

Mr. McNARY. Mr. President, I believe the proposal is to insert following the word "parties" on page 7, line 8?

Mr. ROBINSON of Arkansas. That is the way I have it.

Mr. McNARY. The proposal was submitted to the Committee on Agriculture and Forestry and failed of adoption. Several members of the committee took the view that if that language were in the bill it would be calculated to satisfy the packers with respect to the consent decree which had been a question of much agitation, dispute, and litigation for a number of years. It is an unusual provision. I do not believe the processors need any comfort from the packers along that line. The Senator from Montana [Mr. WHEELER] opposed it bitterly and successfully in the committee. The Senator from Kansas [Mr. CAPPER], who was interested in the Stockyards and Packers' Act and Grain Trading Act, also opposed it. In their absence I hope the Senator will not press the amendment.

Mr. ROBINSON of Arkansas. Very well; I will withdraw the amendment for the present.

Mr. SMITH. Mr. President, I had intended to offer an amendment, but in view of the fact that certain Senators interested in it are absent I shall withhold it. If other Senators have amendments to offer they may do so now.

Mr. McKELLAR. Mr. President, on page 12, line 23, after the word "drying", and within the parentheses, I move to insert the words "or converting into insecticides and fertilizers."

The purpose of the amendment is this: The leavings or refuse of tobacco, that are of no value to anyone and that cannot be used for smoking or any other purpose for which tobacco is used, are used to make nicotine for the purpose of use as an insecticide. It is in general use in that form in California, Georgia, Virginia, and other States, and is a very valuable insecticide. The refuse is used as a fertilizer. That is a processing which I think ought to be added, and I hope the Senator in charge of the bill will accept the amendment and that the Senate will agree to it.

Mr. SMITH. Mr. President, I really believe this is a valuable amendment, for the reason that the character of tobacco that is used in producing this mixture is the sweepings of the floors and tobacco remnants that have been more or less damaged by rot and moisture. The nicotine that is extracted and now used in the form of insecticide is of more value to the farmers throughout the country in preserving certain forms of their growing crops than any loss that could be sustained by the Government because of it being incorporated in the bill. I think the amendment ought to be agreed to.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Oregon?

Mr. McKELLAR. I yield.

Mr. McNARY. The language proposed by the Senator from Tennessee would except from the operation of the bill tobacco and nicotine products of tobacco which are used for spraying throughout the horticultural districts of the country?

Mr. McKELLAR. Yes.

Mr. McNARY. The product is widely used on the Pacific coast, in the South, and in the East, wherever fruit is grown, of course. It is used on some vegetables. It is used in the hop culture. I am very familiar with it, having used it. But here is the proposition as I view it. Does it not offer an escape for a very large lot of tobacco and relieve it from the operations of the bill and hence from the payment of the tax?

Mr. McKELLAR. I am informed that it does not. I am informed that the nicotine is obtained from refuse tobacco that could not be used for any other purpose in the world. It would cut down the amount of taxes collectible if this tax were placed upon it and would deprive the fruit growers of the country of a very valuable insecticide.

Mr. McNARY. No; it will not do that. They will buy it anyway. It is just a question of furnishing these people

this product and taking it out from the tax. I think it very unfair to put a product in the bill and then by exception take out a large portion of it.

Mr. McKELLAR. It is a very insignificant part of it.

Mr. McNARY. It is purely a question of processing. That is indisputable. Large quantities of it are used in processing for this purpose. Is it fair to place tobacco in the bill and then take certain by-products of tobacco and free them from the operation of the bill?

Mr. McKELLAR. Yes; I think it would be entirely fair in this case, if the Senator desires my opinion, because the product of nicotine, or insecticide, is made out of refuse that cannot be used in the ordinary processing in the strictest term of tobacco uses.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Kentucky?

Mr. McKELLAR. I am glad to yield to the Senator, who comes from a great tobacco-growing State.

Mr. BARKLEY. The nicotine, which is a by-product of tobacco, is used in the making of certain insecticides necessary to kill certain insects that cannot be reached by the ordinary insecticides. Out of a ton of tobacco we get about 50 pounds of such nicotine. It is not made out of salable tobacco. It is extracted out of what is called trash, leavings, cullings, stems, swept up off the floor. In many cases the processing tax will already have been paid on it in the ordinary process of manufacture, so that if this tax be paid again on this particular type of refuse, which is really what it is, it might result in the payment twice of the processing tax on the same tobacco.

Mr. SMITH. I would like to say, if the Senator from Tennessee will allow me—

Mr. McKELLAR. Certainly.

Mr. SMITH. Most of this nicotine is made from the large stems through the middle of the leaf and the branch stems which are taken out before the tobacco is processed for ordinary manufacturing purposes. As intimated, the tax will have been paid on it. The nicotine is extracted from that kind of tobacco, and the cheaper the nicotine the more generally will it be used, and the less will be the tax on agriculture and horticulture, the very ones that use it. I think that by eliminating it we get the tax on all that really ought to bear it and relieve the farmers from paying an extra tax for the insecticides.

Mr. BARKLEY. This particular conglomeration of unusable and unsalable tobacco is made up of leaves and stems and trash that is gathered up, that is hardly usable for any other purpose.

Mr. McKELLAR. It is sometimes called "tobacco dust."

Mr. BARKLEY. Yes. If the Senator had ever worked around a tobacco factory, he would understand that in the process of making cigars or cigarettes or any form of chewing tobacco there are always certain parts of the leaves and stems and remnants that are put in a pile and swept off into the corner and finally gathered up, and the nicotine is extracted. I do not think there would be any loss in taxes, but there might be a double taxation on the same product.

Mr. NORRIS. Mr. President, will the Senator from Tennessee yield to enable me to have a correction of a typographical error in the bill?

Mr. McKELLAR. I yield for that purpose.

Mr. NORRIS. On page 25 of the bill, in the amendment which was adopted yesterday, it reads as follows:

The Secretary of Agriculture, in addition to the powers granted by parts 2 and 3 of this title—

That occurs in part 3. It ought to read "parts 1 and 2." I ask unanimous consent that the correction may be made.

Mr. ROBINSON of Arkansas. Mr. President, I think the correction suggested by the Senator from Nebraska is necessary. It is evidently a typographical error.

The PRESIDING OFFICER. Is there objection to making the correction? The Chair hears none, and it is so ordered.

Mr. McNARY. Mr. President—

Mr. McKELLAR. I yield to the Senator from Oregon.

Mr. McNARY. It is quite obvious that I am not conversant with the tobacco industry, but the bill has come to us from the Department of Agriculture, having the sanction of the farm leaders, our great major farm organizations. It passed the House and was reported to the Senate. I think we ought to be very careful about increasing the exceptions contained in the bill.

The Secretary of Agriculture was before us. There is nothing from him here saying that he wants these exceptions made larger for tobacco. We have now an exception for drying. We have added, or will add, fertilizers and insecticides.

Mr. McKELLAR. I doubt if anyone, unless he was very, very particularly conversant with the tobacco business, would have even known that this insecticide is made out of this refuse tobacco lying around the warehouse. It is really a tobacco dust to a very large extent; and, as has been stated here, the tax will have been paid already on the real part of the tobacco.

Mr. McNARY. Mr. President, let me ask the able Senator from Tennessee a question. He has been speaking of waste all the while.

Mr. McKELLAR. Yes.

Mr. McNARY. Do all the nicotine and fertilizer ingredients come from waste tobacco, useless tobacco?

Mr. McKELLAR. No; but this is the only kind that is taken into consideration here. It is the waste.

Mr. McNARY. Where is the language to be found?

Mr. McKELLAR. The language is:

or converting into insecticides and fertilizers.

Good tobacco could not possibly be used for the purpose of fertilizers, and it could not be used for the purpose of obtaining nicotine for insecticides.

Mr. McNARY. Is the Senator familiar with the tobacco industry?

Mr. McKELLAR. I am.

Mr. McNARY. With all the processes of conversion?

Mr. McKELLAR. Not with all the processes of conversion, perhaps. I think that would require a very great expert; but I am fairly familiar with tobacco.

Mr. McNARY. I asked the able Senator if all the tobacco used in fertilizer, and in insecticides such as the one that was mentioned a moment ago—nicotine—is taken from waste tobacco; or is not some of it taken from commercial tobacco?

Mr. McKELLAR. None of it is taken from commercial tobacco.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. McKELLAR. I yield.

Mr. BARKLEY. Tobacco is not raised for the purpose of producing fertilizer.

Mr. McKELLAR. Or for the purpose of producing nicotine.

Mr. BARKLEY. Or for the purpose of producing nicotine.

If the Senator will permit me just a moment. Take a tobacco stalk. It is cut and cured in a barn. It is taken out afterward and stripped. All the leaves are broken off. That still leaves the stalk, which is a useless thing unless it can be converted into fertilizer; and it makes a very fine fertilizer. You can take a bundle of stalks and throw them on a field and let them lie over the winter, and the grass that will grow there in the spring will be infinitely greener and larger and more healthy than the grass all around the place. These stalks are not salable for any purpose at all. They are thrown out in a pile, and sometimes are used for fertilizer.

Then the rib that runs down the middle is taken out, leaving the fiber for use either in cigars, cigarettes, or smoking tobacco. That rib or stem is not salable for any purpose. It is simply thrown in a pile of waste; but there is a certain liquid in it, a juice that can be extracted, that goes into nicotine. That is what is used in the manufacture of this insecticide. There is no other disposition that can be made of that waste, except for that purpose.

Mr. McNARY. Mr. President, I have no very great interest in the matter; but I do not want to see this bill so framed and fashioned as to favor any one product mentioned in it upon which a sales tax is to be paid, or a processor's tax.

It seems to me, from the very statement made by the Senator, that this is a product either of value or of no value. If it is waste, then it has not any commercial value. Then any use made of it certainly would not come within the provisions of the bill. If it is made out of a commercial tobacco, then this would be a processing.

Mr. BARKLEY. It is not made out of commercial tobacco, I will say to the Senator. There is nobody in any State of the Union that I know of who raises tobacco purely for the purpose of making fertilizer or insecticide. It is a byproduct that was discovered in the process of manufacturing tobacco into a usable commodity.

Mr. McKELLAR. The same thing is applicable to the corn stalks raised in the Senator's State, or wheat stalks, or wheat chaff.

Mr. BARKLEY. There is a certain portion of every leaf of tobacco that is wholly unusable either for chewing, smoking, or any other ordinary purpose for which tobacco is used.

Mr. McNARY. Has the Senator any figures to show what the aggregate sum of money is that would escape the processor's tax by reason of this exemption?

Mr. BARKLEY. I do not know that any of it would escape, because, as a matter of fact, in the ordinary factory where raw tobacco is used in making smoking tobacco, or plug chewing tobacco, or cigars, or cigarettes, as I understand, the tax will be paid on the entire product that is to be processed. In the processing there is a certain amount of waste that goes out to one side, upon which there has been already a tax paid. Out of that waste this other byproduct is made. I have not looked into the figures; but, even if any of it should escape the tax, it would be an infinitesimal amount.

Mr. McNARY. I assume from the statement of the very able Senator from Tennessee that this is pure waste; stalks and leaves that are not processed at all, upon which no tax has been paid. It is the refuse of that which is commercial.

Mr. BARKLEY. Of course, every stalk from which 10 leaves of tobacco have been stripped—that is what we call it, stripping tobacco—is useless as a commercial product. There are certain great factories that are known as "stemmeries", where the process of taking the stem out of the tobacco, as I said a while ago, is carried on. The mid rib—I suppose it might be called—running down the leaf is taken out so as to leave the pure fiber; and sometimes even the lateral stems are likewise removed. That stem has no salable value for any purpose. It cannot be used for anything unless what is in it in the way of liquid is extracted for whatever use it may be put to.

I am under the impression that this tobacco will already have paid the processing tax before the stem is separated or before the broken or torn parts of the leaf have been thrown aside as unusable in the manufacture of cigars or cigarettes. I doubt very seriously whether there really will be any escape of the processor's tax.

Mr. McNARY. Let me ask the Senator from Tennessee whether this amendment has been submitted to the Secretary of Agriculture or some of his advisers.

Mr. McKELLAR. No; it has not.

Mr. McNARY. What prompted the Senator to offer it on the floor?

Mr. McKELLAR. Some of those interested in tobacco in my State both wrote me and came to see me about it. They regarded this as simply a refuse that a tax of this kind, or of any kind, would prevent being used at all, while at present they are able to make a reasonably good article out of it.

Mr. McNARY. If we enter upon the adoption of a very large number of exceptions, we are going to ruin the purpose and plan of the bill.

Let me suggest to the Senator that he submit this amendment to the Secretary and get his reaction. I shall be very glad to know what he thinks about it.

Mr. McKELLAR. I shall be very glad to do that.

Mr. ROBINSON of Arkansas. Mr. President, I desire to offer another amendment. This is an amendment that has relation to the time of the commencement of the processing tax. Under the language of the bill, on page 10—

The processing tax with respect to any basic agricultural commodity shall commence on the date of proclamation by the Secretary of Agriculture that rental or benefit payments are to be made with respect to such commodity.

The amendment that is proposed contemplates that the processing tax shall take effect commencing with the next marketing year, rather than immediately on the determination that rental or benefit payments are to be made. This will permit the reduction program to have effect, and the farmer to receive the payments and to purchase industrial commodities before the processing tax is reflected in the price to the consumer.

The amendment is suggested by the Secretary of Agriculture. I ask for its adoption.

Mr. McNARY. Mr. President, will the Senator from Tennessee state what disposition is made of the amendment offered by him?

Mr. McKELLAR. I shall have to withdraw the amendment that I offered, so that the Senator from Arkansas can introduce his; and that I do for the present.

Mr. McNARY. I thank the Senator.

Mr. ROBINSON of Arkansas. It will be necessary to have unanimous consent to present this amendment, or to reconsider the vote by which the committee amendment on page 10 was agreed to; so I am just asking unanimous consent to present it to the committee amendment.

Mr. McNARY. The Senator is not asking that it be considered at this time?

Mr. ROBINSON of Arkansas. Yes.

Mr. McNARY. Let us have it stated, then. I really do not know what it is.

Mr. ROBINSON of Arkansas. May I explain to the Senator what it is?

Mr. FESS. Let us have it read.

Mr. McNARY. After the reading I shall be glad to have the Senator explain it.

Mr. ROBINSON of Arkansas. Very well.

The PRESIDING OFFICER. The amendment offered by the Senator from Arkansas will be stated.

The CHIEF CLERK. On page 10, line 18, it is proposed to strike out the word "The", and down through line 22 of the amendment proposed to be inserted, and to insert in lieu thereof the following:

When the Secretary of Agriculture determines that rental or benefit payments are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with respect to such commodity from the beginning of the marketing year therefor next following the date of such proclamation.

Mr. McNARY. Now, Mr. President, I wish the Senator from Arkansas would make a statement regarding the amendment.

Mr. ROBINSON of Arkansas. I have already explained it, but I will repeat the explanation.

The language that is stricken out makes the processing tax take effect immediately upon the issuance of a proclamation or the granting of benefits. This amendment provides that the processing tax shall take effect at the beginning of the marketing year, so as to permit the reduction program to have its effect, and the farmer to receive the benefits before the processing tax is reflected in the price to the consumer. It is proposed by the Department as a perfecting amendment.

The PRESIDING OFFICER. Is there objection to reconsideration of the vote whereby the committee amendment on page 10 was agreed to? The Chair hears none, and the vote is reconsidered.

The question is on agreeing to the amendment offered by the Senator from Arkansas to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. McKELLAR. Mr. President, I desire to offer an amendment in line 11, page 6: After the word "procured", strike out the period and insert a colon and the following language:

Provided further, That the provisions of part 2 shall not apply to part 1.

That amendment, if adopted, would mean that the processing provisions of part 2 will not apply to cotton, but that the cotton situation will be left in exactly the same position as it was under the Smith bill which passed the Senate at the last session of Congress.

Mr. McNARY. It does not affect the so-called "Smith plan" or cotton-option contract provision, does it?

Mr. McKELLAR. Oh, no; not at all.

Mr. McNARY. Let it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Tennessee will be stated.

The CHIEF CLERK. On page 6, line 11, after the word "procured" and before the period, it is proposed to insert a colon and the following:

Provided further, That the provisions of part 2 shall not apply to part 1.

Mr. McNARY. This amendment is offered to the cotton-option contract provision?

Mr. McKELLAR. It is.

Mr. McNARY. And the Senator does not want the allotment and rental benefit provisions to apply to the Smith plan?

Mr. McKELLAR. No. The amendment is for the purpose of permitting the Smith plan to go into this bill just as it passed the Senate in the last Congress.

Mr. McNARY. Let us see how that works. Let me see if I understand the Senator.

Under the Smith plan, the Secretary of Agriculture is to enter into a contract with a producer—

Mr. McKELLAR. Will the Senator pardon me for just one moment? Instead of entering into a contract, the first thing that has to happen is that all the cotton now held by the various departments of the Government is to be turned over to one board.

Mr. McNARY. Of course.

Mr. McKELLAR. And then that board enters into a contract with the producer.

Mr. McNARY. Of course. The Senator is anticipating what I was going to say. I think I am familiar with the Smith proposal, and it applies only to Government-owned cotton, or that upon which the Government holds liens to the full amount of the present market price of cotton.

Mr. McKELLAR. That is correct.

Mr. McNARY. Then the Secretary of Agriculture is entitled to enter into an option contract whereby on the promise to decrease acreage by a cotton grower he can have an option to purchase a portion of the cotton now owned by him. Let us assume a cotton grower. The Senator wants to take that grower out of the allotment provision of the bill.

Mr. McKELLAR. That is true.

Mr. McNARY. If he reduces his acreage from 30 acres of cotton to 20 acres, and has a contract with the Secretary of Agriculture, the Senator does not want the 20 acres that will bear cotton this year to come within the provisions of part 2.

Mr. McKELLAR. That is true.

Mr. McNARY. Is that fair to the cotton growers of the country?

Mr. McKELLAR. I think it is, because there is an entirely different situation in regard to cotton than in regard to any other product. The Government now owns a surplus of cotton amounting to over 3,000,000 bales. Under the Smith plan it was so arranged that the Government could

use that in the way of options to the farmer and reduce not only the acreage but the production of cotton, do away in 1 year, as I believe, with the entire surplus now existing, and in that way greatly benefit the cotton grower. To my mind it is one of the most admirable plans that has ever been suggested for doing away with the surplus, and the reason why it is put in a different category from other products is that it is the only product of which the Government now owns and controls a large surplus.

Mr. McNARY. I know; but the Senator from Tennessee is not putting his finger upon the real point, in my opinion. Of course it is a fine thing and a laudable purpose for the Secretary of Agriculture to reduce the surplus by these optional contracts, but the grower who has the option and still is raising cotton for this year in competition with the growers who have no option would be exempted by the Senator from this tax, if I understand his amendment. If that is the purpose of the amendment, it is iniquitous and unfair to the cotton growers.

Mr. SMITH. Mr. President, if the Senator from Tennessee will allow me, the purpose of it is this: First, we have the unusual fact that 55 percent of the cotton, to state it conservatively, is exported. In order to raise the price of cotton under the allotment plan to the pre-war figure, taking that as the base period, such a percentage of it is exported that in order to bring the cotton up to the 12 cents figured out as being the basis of the purchasing power of cotton, under the base period, we would have to raise the 45 percent domestically consumed to 21 cents a pound in order to have an average on all the crops of 12 cents a pound. Cotton stands in a category to itself. The major part of our crop is exported.

I want to reiterate, so that the Senate will understand, that if we were to attempt to raise the average price of our cotton to where the farmer would receive an average of 12 cents a pound, we would have to raise the domestically consumed to 21 cents a pound, the other being 30 cents, so that if we multiply the 55 percent, the number of bales exported, by \$30 a bale, and the 45 per cent by \$105 a bale, and add the two together, we would get \$63 a bale, or approximately 12 cents a pound. So that it is manifestly impossible to raise the price of cotton to the figure of the base period, or even approach it, under this allotment plan; but under the plan I have suggested, which was adopted by the Senate and the House, if we take the surplus cotton now existing and substitute it for the production this year, which we can do, then we will reduce the surplus and also reduce production, and, as we have a practical monopoly of the world's production of cotton, we could get a better price for all the cotton than we could hope to get through the taxing process under the allotment plan.

Mr. McKELLAR. Only as to 45 percent of it.

Mr. SMITH. Yes; only as to 45 percent of it. Even taking the 45 percent, if we add 6 cents to the present price and average it, cotton would bring only 7¾ cents. So that the objects of this amendment would be to let cotton have the full benefit of the allotment plan, without the tax being imposed on the 45 percent, to such an extent as to bring it to something like a parity with the pre-war period.

Under the crop-production fund there is an agreement, a contract, that the growers must reduce 30 percent, and under the regional Agricultural Credit Corporation there is also an agreement for a reduction of 30 percent, which, added to the substitution proposed, would bring about a reduction which I think would result in a price for our cotton that would be more satisfactory.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. ROBINSON of Arkansas. To me there is something confusing in the language employed in the amendment. I may be in error, but it does not seem to me to be clear what will be accomplished if the amendment be agreed to. The language of the amendment, as I recall it, is "The provisions of part 2 shall not apply to part 1."

Mr. McKELLAR. Mr. President, that means this: That the processing provisions provided for in part 2 will not apply to cotton. That is the purpose.

Mr. ROBINSON of Arkansas. I do not wish to attempt to influence the Senator to modify his amendment, but it does seem to me it could be made clearer by making it read, "The provisions of part 2 shall not apply to the existing stocks of the commodity described in part 1", or something like that.

Mr. McKELLAR. I shall be very happy to accept that amendment.

Mr. ROBINSON of Arkansas. I should like to ask a question. Do the provisions of part 3 apply to the cotton mentioned in part 1?

Mr. SMITH. Part 3 has reference to mortgages.

Mr. ROBINSON of Arkansas. No; part 3 has reference to cost of production.

Mr. SMITH. Part 2 ought to be included.

Mr. ROBINSON of Arkansas. I was just wondering whether it was the intention of the Senator to exempt it from part 2 and not from part 3.

Mr. SMITH. No; from part 3 also.

Mr. ROBINSON of Arkansas. Part 3 provides for the cost of production.

Mr. McKELLAR. Mr. President, I shall be very happy to modify my amendment and make it read as follows:

Provided further, That the provisions of parts 2 and 3 shall not apply to the commodity mentioned in part 1.

Mr. McNARY. Mr. President, unless I wholly misunderstand, the desire of the able Senator from Tennessee is to take cotton out from part 2.

Mr. McKELLAR. It is; the Senator has hit the nail right on the head.

Mr. McNARY. Part 2 refers to the allotment provision.

Mr. McKELLAR. That is true.

Mr. ROBINSON of Arkansas. Mr. President, it was stated, in answer to a question of the Senator from Oregon a few moments ago, that the object was to take the stocks of cotton in the possession of the Farm Board out of part 2, and, so the amendment is modified, out of part 3. That is a very different proposition from taking cotton out as a basic commodity.

Mr. McKELLAR. The Senator means the future cotton crop?

Mr. ROBINSON of Arkansas. Cotton hereafter to be grown. That is an entirely different proposition.

Mr. McNARY. I want to know about what we are trying to do.

Mr. ROBINSON of Arkansas. That is what I am trying to find out.

Mr. McNARY. Mr. President, I am sincerely desirous of knowing what we are about to do. It looks to me as though we are about to slip cotton out of the allotment features of this bill.

Mr. SMITH. That is right; what we are attempting to do is to leave cotton in part 1 as it passed the Senate, segregated from the allotment plan and the cost-of-production plan, and take it out under part 2, in which it finds itself. That is the object of this amendment, for the reason that by no process can we figure any profit to accrue from the application of that law.

Mr. McNARY. Now, I have it from the able Senator from South Carolina, the chairman of the committee, that the desire is to take cotton out of the alleged benefits of part 2, which is the allotment feature of the bill.

Mr. SMITH. That is what the intent of this amendment is.

Mr. McNARY. So that it would provide that the basic agricultural commodities consist of wheat, corn, hogs, tobacco, and rice, cotton being omitted.

Mr. SMITH. Yes; except as it is affected by part 1.

Mr. McNARY. That is unusual, revolutionary, and wholly against the judgment of the Secretary of Agriculture. It is regrettable that I have to stand here on the floor and defend your Secretary of Agriculture.

Mr. SMITH. Mr. President, I do not think this proposition as presented by the Senator from Tennessee was ever brought to the attention of the present Secretary of Agriculture. I have tried to show, and I think anyone may just sit down and take the figures and see, that under the allotment plan it would be impossible to benefit cotton to any extent at all, or at least appreciably, because 55 percent of it has to go at the world price, 45 percent at whatever bid or price or tax may be placed upon it. Therefore, if cotton is left in part 1 and allowed the substitution it provides for, together with the reduction which is now being carried on under the crop-reduction fund, I see no reason in the world why we may not get a reasonable return, without any tax whatever being added.

Mr. NORRIS. Let me suggest, Mr. President, that if it is desired to take cotton out of the bill, except in part I, why not do it by striking it out on page 16 where the basic commodities are enumerated? That will end it all; that will take it out.

Mr. ROBINSON of Arkansas. Mr. President—

Mr. NORRIS. Just a moment. If we adopt this amendment, we will still have in the bill this language:

As used in this title, the term "basic agricultural commodity" means wheat, cotton—

And so forth.

If we are going to provide in another portion of the bill that it shall not apply to cotton, why not do it by striking out cotton as one of the enumerated basic commodities? It will still be in part I, because it is mentioned by name there. Striking out the word "cotton" on page 16 would accomplish what is desired.

Mr. SMITH. I think that would be preferable.

Mr. ROBINSON of Arkansas. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. SMITH. I do.

Mr. ROBINSON of Arkansas. We were told that the object of the amendment of the Senator from Tennessee was to exempt from the provisions of part II the stocks of cotton in the possession of the Farm Board. That raised a question which was quite different from the one now at issue. The one now at issue involves the problem as to whether we will limit to the Smith option cotton plan all the prospective benefits under the bill so far as cotton is concerned. I am not willing to do that, and I do not believe the Senate wants to do it.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. If I have the floor, I yield to the Senator.

Mr. McNARY. The Senator from Arkansas has put his finger on the situation. The first question I propounded to the Senator from Tennessee [Mr. McKellar] was whether he desired to take out of the operation of part II only such cotton as was owned by the Government, and I understood that was the purpose. Now the Senator from South Carolina says the purpose is, except as to part I, to remove cotton from the operation of the bill whether it is owned by the Government or whether it is privately owned.

Mr. McKellar. Mr. President, I do not think the amendment does that. I think that all the amendment proposed by me does is to take the cotton that is now held and owned by the Government out of the plan.

Mr. BARKLEY. Mr. President, if the Senator will yield, as a matter of fact, does cotton now held by the Farm Board come under part 2 of this bill?

Mr. NORRIS. No.

Mr. McNARY. No.

Mr. BARKLEY. Why take it out, then, when it is not in?

Mr. McNARY. The Senator from South Carolina goes so far as to say that on page 16, line 8, wherein basic agricultural commodities are defined, he wants to strike out the word "cotton."

Mr. SMITH. I do. Mr. President, I do not want any misunderstanding. I think, in view of the fact that such a tremendous percentage of our cotton is exported, that the equalization provisions will not be a benefit; but if we allow

the cotton we now have in possession of the Government to be eliminated in lieu of that much production, together with such reduction of acreage as the crop-reduction plan may bring about, without interfering with any processing whatever, it will be of benefit. In view of the fact that we have a practical monopoly of the world's production of cotton and are dependent upon the foreign market to absorb 55 or 60 percent, I think that the processing-tax provision will dis-appoint every cotton grower, for the reason that, at the point to which it is proposed to raise it, it will not benefit the grower a quarter of a cent a pound.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. NORRIS. Let me suggest to the Senator that part 1 applies to cotton now in existence or controlled by the Government. That is all it does do.

Mr. SMITH. Yes. But, Mr. President—

Mr. NORRIS. Just a moment. Suppose we carry out part 1; that cotton cannot be used twice; after that cotton is used, then it will not be subject to the other portions of the bill in the future so far as their application to cotton is concerned. So, after the first year has gone by, it will be impossible to carry out the provision of part 1, because when the plan under part 1 is once put in operation it ends as soon as the cotton owned by the Government is disposed of. Then, the following year, if the amendment were agreed to, it would be impossible, of course, to apply any of the other provisions to cotton if the Secretary wanted to do so.

I should like to add, if the Senator will permit me, that I myself have no objection to striking it out of the bill if that is what the cotton representatives want; but it seems to me that unless they are practically unanimous in the desire to strike it out I would not want to do it, because we will have eliminated cotton forever from the operations of the bill just so soon as we get through with the sale of the cotton now owned by the Government, and there will be no authority to do anything for the cotton grower 1 year after the bill was put in operation.

Mr. McKellar. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. McKellar. What the Senator from Nebraska said would be true if his suggested amendment striking out cotton, on page 16, were adopted.

Mr. NORRIS. If the Senator will permit me, the Senator from South Carolina, with his usual fairness—and I commend him for it—says that the object of this amendment is to take cotton out of the bill.

Mr. McKellar. I do not think it goes that far.

Mr. NORRIS. If it does, then we ought to take it out by striking it out, which would have the effect that it would make it forever impossible after the present cotton owned by the Government is disposed of for the bill to have any effect whatever with respect to cotton.

Mr. McKellar. That would not be true unless on page 16, line 8, the word "cotton" were stricken out. If the amendment offered were adopted, it would apply to the present surplus.

Mr. NORRIS. Then the cotton men have not agreed among themselves as to what effect this amendment would have.

Mr. BARKLEY. Mr. President, may we have the amendment stated?

The PRESIDENT pro tempore. The amendment will be again stated.

The LEGISLATIVE CLERK. On page 6, line 11, after the word "procured", it is proposed to insert:

Provided further, That the provisions of parts 2 and 3 shall not apply to the commodity mentioned in part 1.

Mr. BARKLEY. That takes it out all right.

Mr. McNARY. That takes cotton out of the provision relating to the cost of production, and it also takes it out of the benefits under the acreage-reduction plan and the so-called "allotment plan."

Mr. McKellar. Mr. President, as I understand, part 1 applies now to cotton owned by the Government. Is not that correct? Undoubtedly it is. The only effect of this

amendment is not to apply the provisions of parts 2 and 3 to the particular cotton now owned by the Government. It is true that the Senator from South Carolina said he thought it ought to be taken out entirely; but that, in my judgment, is not what this amendment does.

Mr. ROBINSON of Arkansas. I think it does under the language as it is drawn.

Mr. NORRIS. Mr. President, if what the Senator from Tennessee says would be accomplished, he might just as well withdraw the amendment or the Senate might just as well not agree to it, because so long as section 1 is in operation the Secretary will operate under the authority there given in the case of the existing cotton, and, I take it, will not apply the other provisions of the bill to cotton during the same time.

Mr. McKELLAR. I am not at all sure about that; I think he would have to do it.

Mr. NORRIS. Unless all the cotton men agree, I should dislike to see cotton stricken out, although I do not believe any secretary would in the first year apply part 2 to cotton; he could operate under part 1.

Mr. SMITH. Mr. President, if the Senator from Tennessee would modify his amendment so as to provide that it shall not apply beyond 1933, I think the purpose of the amendment would be accomplished.

Mr. BYRNES. Mr. President, will the Senator yield to me?

The PRESIDENT pro tempore. The Senator from South Carolina has the floor. The Senator from Alabama [Mr. BANKHEAD] has been on his feet for some time. Does the Senator from South Carolina yield and, if so, to whom?

Mr. SMITH. I yield first to my colleague.

Mr. BYRNES. I should like to ask the Senator from Tennessee a question. Part 1 refers not only to a commodity, but it refers by its very title to "cotton option contracts" and describes certain contracts and the transactions to be carried on with reference to those contracts. Under the language of the Senator's amendment the provisions of part 2, relating to the allotment plan, shall not apply to part 1. Is it not left very vague and indefinite as to what is meant by the amendment, because it would indicate that the allotment plan shall not apply to the contracts which are referred to in part 1?

Mr. McKELLAR. Oh, no; it merely makes it perfectly clear that the processing tax shall not apply to the cotton that is covered by part 1; that is all.

Mr. BYRNES. I want to suggest to the Senator if that is his intention, why does he not say in the amendment that the provisions of part 2 shall not apply to cotton in the custody or control of the department of the Government referred to in part 1?

Mr. McKELLAR. I will ask the Senator to listen to the amendment, and he will see that it does apply to it.

Provided further, That the provisions of parts 2 and 3 shall not apply to the commodities mentioned in part 1.

Mr. BYRNES. I did not hear the word "parts" in the amendment.

Mr. McKELLAR. That is exactly what the Senator from South Carolina now suggests.

Mr. ROBINSON of Arkansas. Mr. President, there is this confusion in thought there: The commodity in part 1 is cotton.

Mr. McKELLAR. Yes.

Mr. ROBINSON of Arkansas. And it is the equivalent of saying that part 2 and part 3 shall not apply to cotton. That is the construction a court would place on it. So I think, if the Senator wishes to limit his provision to the cotton referred to in part 1, all he has to do is to say so.

Mr. McKELLAR. In other words, instead of applying it to the commodity apply it to the stocks of cotton.

Mr. ROBINSON of Arkansas. As described in part 1.

Mr. McKELLAR. I have no objection to that.

Mr. LONG. Mr. President, on page 4, subsections (a) and (b) and (c), provision is made for selling back the

surplus cotton to the farmers provided they leave their lands lying idle.

Mr. McKELLAR. Yes.

Mr. LONG. I think the Senator's amendment will complicate that feature of the bill.

Mr. McKELLAR. Why and how?

Mr. LONG. There will be interwoven with the stock of cotton contracts to be made with farmers that they are not to plant any more cotton on their land next year, as a consequence of which there is to be sold back to them some of the cotton now held.

Mr. McKELLAR. Yes; and, of course, if the provisions of part 2 and 3 apply to the cotton that is sold back, it would complicate the matter very much, whereas if we insert such a provision as is now suggested by the Senator from Arkansas to the effect—

Provided further, That the provisions of part 2 and 3 shall not apply to the stocks of cotton in part 1.

That would absolutely eliminate the stocks of cotton now held by the Government; and they ought to be eliminated, as I think every Senator here will agree from the provisions of part 2 and 3, providing for the processing tax on cotton. I do not think we ought to apply the processing-tax feature to cotton that is already in existence and is already owned by the Government.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BARKLEY. If part 3, which is the cost of production plan, is likewise not to apply, and if it will be unlawful under this bill for a farmer who produces cotton to sell it for a price below the price proclaimed by the Secretary of Agriculture, why should the Government be allowed to do it with respect to cotton which it has?

Mr. McKELLAR. I do not see that that changes the situation at all.

Mr. BARKLEY. If we are going to put the farmer in jail, why not also put the Government in jail?

Mr. McKELLAR. I do not believe we could put the Government in jail.

Mr. BANKHEAD. Mr. President—

Mr. LONG. What is going to be done with a man who buys this cotton?

The PRESIDENT pro tempore. Does the Senator from Tennessee still hold the floor?

Mr. McKELLAR. I believe I have the floor.

The PRESIDENT pro tempore. The Chair will ask, Does the Senator yield to the Senator from Alabama or to the Senator from Louisiana?

Mr. McKELLAR. I will yield to both. First I yield to the Senator from Louisiana, and then I will yield to the Senator from Alabama. I am delighted to yield.

Mr. LONG. I will let the Senator from Alabama go ahead first.

Mr. BANKHEAD. Mr. President, this is a highly confusing situation. To begin with, the amendment is in such language that no one can quite understand what it is sought to do, and I am thankful to the Senator from Oregon [Mr. McNARY] for uncovering what underlies the proposal.

Mr. McKELLAR. There is nothing secret about it, I will say to the Senator.

Mr. BANKHEAD. I understand that.

Mr. McKELLAR. We are trying to make this language as specific as possible, and I am surprised that the Senator from Alabama cannot understand it. All I am proposing to do is not to permit cotton now in the hands of the Government to be subjected to the plans provided in parts 2 and 3. That is all; it is just as plain and open as I know how to make it.

Mr. BANKHEAD. The Senator's statement has been perfectly frank, entirely so; but let us see what effect it will have. I am afraid the Senator has not fully considered that point. He says it is not his object to take cotton out of the bill except so far as the Smith plan is concerned, and cotton under the Smith plan is not to be subject to the processing tax.

One of the principal values of the bill, from the standpoint of many of us from the cotton section, is the hope that by reason of the breaking of acreage, production will be materially decreased and thereby we will get rid of a large part of the terrible surplus hanging over the market.

The effect of the amendment of the Senator from Tennessee is, under his construction of it and assuming that it goes no further, to eliminate about 3,000,000 bales of cotton. What will be the effect of that and why should that be done? Why should the 3,000,000 bales of cotton be exempt? The producers of cotton are not exempt from the processing tax, but how much will be processed? Less than 5,000,000 bales in its entirety will pay the processing tax. The Senator's amendment proposes to reduce that 5,000,000 by approximately 3,000,000 bales, so we will have less than 2,000,000 bales upon which the processing tax is to be paid. With that very great reduction in income, everyone familiar with the situation knows that whether intended or not, and I do not think it is so intended, it absolutely destroys the effectiveness of any plan in the bill that may be put in operation with reference to cotton. We cannot put the allotment plan into effect, and I hope in practice it will not be put into effect, but I do not want to take cotton out of the bill. We cannot secure tax money enough. If the Senator's amendment is adopted, it will not leave any substantial amount of acreage for that purpose, nor will it bring about the hoped-for results in reduction of production.

But let us take another viewpoint. The Senator proposes to exempt from the tax about 3,000,000 bales of cotton now owned by the Government. Naturally, the 3,000,000 bales will be bought at once by the millers. They will take that cotton instead of buying cotton from the farmers. It would, therefore operate as a destruction of the purchasing power of the farmer to the extent of the entire quantity of cotton owned at this time by the Government.

The Senator from Louisiana [Mr. Long] clearly went to another defect and difficulty in the amendment, and that is taking sections 2 and 3 entirely away from cotton. It not only reduces the amount of taxes to be acquired for that purpose but eliminates it from the leasing plan, the very plan that most of us, or at least I, prefer. We prefer the application of the leasing plan.

Mr. LONG. As a matter of fact, it would do away with the leasing plan, would it not?

Mr. BANKHEAD. Yes; the amendment has taken it away from us. If the Senate wants to destroy this plan so far as one of the basic commodities is concerned, here is an effective amendment to accomplish that purpose. We might as well strike it out entirely, because when we take 3,000,000 bales out of less than 5,000,000 upon which the tax can be paid, we eliminate the possibility of applying either the allotment plan or the leasing plan.

I have undertaken no poll of Senators from the Cotton States, but I know that so far as I am concerned I am not in accord with this effort to take cotton out and leave wheat and other commodities in the plan. Nobody has ever proposed in the consideration of the bill in the Senate to take cotton or wheat, the two principal basic commodities, out of this plan. Certain Senators have sincerely advocated limiting the commodities to wheat and cotton, but this is the first suggestion from the time of the introduction of the bill during the last session of Congress until the present time that I have ever heard from any source to take either one of those two great basic agricultural commodities out from the bill.

I have supported the Smith plan. I supported it in the last session. I hope it will be helpful to some extent. But if we have nothing but the Smith plan left for cotton, then I would say that the bill is inoperative in the main substantially and not of real effect in the whole cotton area of the country. I say that in my judgment the Smith plan will help. I have advocated it all the time. But any thoughtful man knows that with 13,000,000 bales of carry-over cotton, with an annual consumption less than that amount, with a 2,000,000 or 3,000,000 bale reduction in the

production of cotton alone, it will not make operative the declared purpose and policy of the bill, which is to adjust supply to demand in an effective way so as to get a fair and reasonable price consistent with the prices paid for industrial commodities.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was rejected.

Mr. LONG. Mr. President, I want to offer an amendment at this time.

Mr. SMITH. Mr. President, before the Senator offers his amendment let me say that there are certain amendments which will be offered later to part 1. Some Senators interested in long staple cotton have asked an opportunity to examine an amendment which has been proposed relating to that subject. If there are no other amendments to be offered to part 1, then the Senator from Louisiana may as well offer his amendment at this time.

Mr. LONG. Mr. President, I have an amendment to offer to part 1. I wish to offer the amendment to be inserted at the end of part 1, on page 6, after line 11. I want it inserted as a new section 8.

The PRESIDENT pro tempore. The amendment will be read for the information of the Senate.

The CHIEF CLERK. The Senator from Louisiana offers the following amendment:

On page 6, after line 11, to insert the following new sections:

"TITLE III. CURRENCY EXPANSION

"SEC. 8. To expand the currency to restore confidence the Secretary of the Treasury is hereby authorized and directed to purchase silver bullion and to pay for same by issuing to the seller or sellers silver certificates in denominations of \$1, \$5, \$10, \$20, and \$100 payable to bearer on demand. And he shall continue to purchase and so pay for same so long as the average daily market price of silver bullion is not 10 cents an ounce in excess of the average daily market price for the preceding 90 days, until 371½ grains of fine silver reaches a parity in value with 25.8 grains of gold nine-tenths fine; and should the market price of silver bullion, at any time, so decline as to destroy such parity, the Secretary of the Treasury is instructed to immediately resume the purchase of silver bullion until such parity is restored.

"SEC. 9. The silver certificates authorized to be issued under this title are hereby made legal tender and shall be accepted at their full face value for all debts and dues, public and private, of every nature and description, and when accepted by the Government shall be reissued and in all respects shall become a part of the lawful money of the United States.

"SEC. 10. There shall be engraved on one side of each silver certificate so issued, 'This certifies that there is on deposit in the Treasury of the United States silver bullion equivalent when valued in gold to the face value of this certificate', and on the reverse side, 'This certificate is legal tender for all debts, both public and private.'

"SEC. 11. The bullion purchased under this title shall be stored in the Treasury of the United States in blocks or bricks of standardized and uniform fineness and in convenient units by weight and stamped by authorized official stamp, as may be determined within the discretion of the Secretary of the Treasury.

"SEC. 12. The Secretary of the Treasury is further authorized and directed to issue additional certificates against said silver bullion so acquired and deposited in the Treasury under this title: *Provided*, That the amount of silver bullion so acquired and on deposit in the Treasury as aforesaid exceeds by 10 percent in value all certificates issued against same, including the additional certificates when valued in gold. The additional certificates so issued shall be put in circulation by discharging current obligations of the Government.

"SEC. 13. Should at any time the amount of silver bullion acquired and deposited in the Treasury under this title become in value less than 10 percent in excess of the face value of all certificates outstanding against same, the Secretary of the Treasury shall at once proceed to purchase a sufficient amount of silver bullion and deposit same in the Treasury until the amount on deposit in the Treasury shall exceed by 10 percent in value the total face value of all certificates issued and outstanding against same, and the sum of \$100,000,000 is hereby appropriated to be used for that purpose, if necessary.

"SEC. 14. Upon the presentation for redemption by the bearer of silver certificates provided for in this title, there shall be delivered to the holder of the certificate an amount of silver equal to the gold equivalent in value of the certificate so presented at the market price of silver as of the day prior to the date of presentation: *Provided, however*, That the Secretary of the Treasury shall have the option of redeeming said certificates in gold in lieu of silver at their full face value.

"SEC. 15. The Secretary of the Treasury is authorized and directed to make rules and regulations for carrying out the provisions of this title."

Mr. WHEELER. Mr. President, I send to the desk an amendment in the nature of a substitute for the amendment just offered by the Senator from Louisiana.

The PRESIDENT pro tempore. The clerk will report the proposed substitute.

The LEGISLATIVE CLERK. The Senator from Montana offers an amendment in the nature of a substitute for the amendment offered by the Senator from Louisiana, as follows:

SEC. 34. That the proportional value of silver to gold in all coins which are by law current as money within the United States shall be as 16 to 1, according to quantity in weight, of pure silver or pure gold; that is to say, every 16 pounds weight of pure silver shall be of equal value in all payments with 1 pound weight of pure gold, and so in proportion as to any greater or less quantities of the respective metals.

SEC. 35. There shall be free coinage of both gold and silver, at the ratio fixed in this title, subject to the conditions and limitations now provided by law with respect to the coinage of gold; and all the laws of the United States relating to such coinage or to recoinage, exchange, or conversion of coins, bars, or bullion of gold, shall apply equally, so far as practicable, to silver.

SEC. 36. The dollar, consisting of 25 $\frac{1}{2}$ grains of gold nine tenths fine or of 412 $\frac{1}{2}$ grains of silver nine tenths fine, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

Mr. LONG. Mr. President, I understand we will recess very soon. Under the rule will my amendment and the substitute of the Senator from Montana be printed, so we will have them in that form in the morning?

The PRESIDENT pro tempore. They will be printed.

Mr. ROBINSON of Arkansas. Mr. President, I presume it would not be practicable to dispose of the amendment or the substitute this afternoon. I should like to ask for a brief executive session at this time.

Mr. BANKHEAD. Mr. President, I present a proposed substitute for section (c) on page 22, and ask that it may be printed for the information of the Senate and lie on the table.

The PRESIDENT pro tempore. That order will be made.

STATEMENT OF WILLIAM GREEN AS TO ORGANIZATION OF SCHOOL TEACHERS

Mr. BONE. Mr. President, I send to the desk a statement issued by William Green, president of the American Federation of Labor, dealing with the problem of school teachers. I ask that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The American Federation of Teachers was chartered by the American Federation of Labor for the purpose of creating an opportunity through which the teachers of the Nation could organize into and associate themselves with an organization of their fellow workers in all walks of life for mutual helpfulness and protection.

The teachers of the Nation occupy a very large place in the minds and hearts of all classes of people. One can truthfully say that they are generally held in high regard and in high esteem. They occupy a very close relationship to the home life and the family life of the Nation. The very importance and dignity of their service and their position command sincere respect. But even though the fathers and mothers of the Nation entrust their children to the care and training of the teachers in our schools, colleges, and universities, there is a manifestation of indifference approximating total disregard, in some places, of the economic and social welfare of the school teachers of the Nation. This fact and the experience through which the public schools of the Nation and the teachers have passed during the last 3 years serve to demonstrate the fact that the salvation of the teachers, their economic well-being and welfare depend upon their own efforts, upon the exercise of their individual and collective influence.

It has been made clear that they cannot protect their wages, salaries, and their living standards except through organized action and organized activity. School teachers, like all other groups of citizens, are helpless as individuals but can be made strong and influential when organized into a strong economic and social force.

The value and need of organization among teachers has been clearly established. If the teachers are to save themselves, if they are to protect and promote their economic and social interests, if their living standards are to be placed upon a plane commensurate with the requirements of their profession and their social status, they must unite and contend vigorously together for the realization and enjoyment of these priceless blessings.

Let no teacher labor under the illusion in these days of mass consideration and mass action, of keen competition and blind

commercialism, that he or she can secure and maintain an economic and social status in keeping with the teaching profession because of personal or individual merit. Cruel, stern, economic law and economic pressure do not recognize individual merit, social standing, or special training.

Let the teachers organize and organize effectively for mutual help and mutual protection. The opportunity is here and the organization which the teachers of the Nation ought to join is functioning. The hosts of labor, those who make up the great organized labor movement, appeal to the teachers of the Nation to join with them, to come with them, and to work with them in the establishment of higher living standards and in the fight which the wage earners and salary earners of the Nation are making to bring about the realization of American ideals.

The teachers can save themselves, they can save the public schools of the Nation, and can establish decent living standards through organization and through affiliation with the American Federation of Teachers. Isolated, individualistic, acting separately and alone they will be forced to endure indefinitely the suffering which so many of them now experience.

In behalf of all those associated with the American Federation of Labor I appeal to the teachers of the Nation to organize through affiliation with the American Federation of Teachers.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business in open session.

REPORTS OF COMMITTEES

The PRESIDENT pro tempore. Reports of committees are in order.

Mr. TRAMMELL. From the Committee on Naval Affairs I report back favorably with the recommendation that it be confirmed, the nomination of Quartermaster Clerk Rosco Ellis to be a chief quartermaster clerk in the Marine Corps, to rank with but after second lieutenant, from the 25th day of February 1933.

The PRESIDENT pro tempore. The nomination will be placed on the calendar.

Mr. SHEPPARD. From the Committee on Military Affairs I report back favorably sundry nominations for the calendar.

The PRESIDENT pro tempore. The nominations will be received and placed on the calendar.

If there be no further reports of committees, the calendar is in order.

DEPARTMENT OF COMMERCE

The Chief Clerk read the nomination of John Dickinson, of Pennsylvania, to be Assistant Secretary of Commerce, vice Julius Klein, resigned.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Frank T. Bell, of Washington, to be Commissioner of Fish and Fisheries, vice Henry O'Malley.

Mr. McNARY. Mr. President, personally I am very sympathetic with and support this nomination; but a Senator who is absent said to me that he would like to have it go over for the day.

Mr. DILL. What Senator was it?

Mr. McNARY. The Senator who objected yesterday, I think.

Mr. DILL. If the Senator refers to the Senator from Wyoming [Mr. CAREY], I talked with him twice since he made his objection, and he said that he had no objection.

Mr. McNARY. Very well, Mr. President.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

PHILIPPINE ISLANDS

The Chief Clerk read the nomination of Frank Murphy, of Michigan, to be Governor General of the Philippine Islands.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. DILL. I ask unanimous consent that the President be notified of all three confirmations.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the President will be notified of the confirmation of all the nominations.

That completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. SMITH. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 33 minutes p.m.) the Senate took a recess until tomorrow, Saturday, April 15, 1933, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 14 (legislative day of Apr. 11), 1933

ASSISTANT SECRETARY OF COMMERCE

John Dickinson to be Assistant Secretary of Commerce.

COMMISSIONER OF FISH AND FISHERIES

Frank T. Bell to be Commissioner of Fish and Fisheries.

GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS

Frank Murphy to be Governor General of the Philippine Islands.

HOUSE OF REPRESENTATIVES

FRIDAY, APRIL 14, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou Christ the Crucified One and Mary's Holy Child, consider and hear us. The Lord is my shepherd; I shall not want. He maketh me to lie down in green pastures: He leadeth me beside the still waters. He restoreth my soul: He leadeth me in the paths of righteousness for His name's sake. Yea, though I walk through the valley of the shadow of death, I will fear no evil: for Thou art with me; Thy rod and Thy staff they comfort me. Thou preparest a table before me in the presence of mine enemies: Thou anointest my head with oil; my cup runneth over. Surely goodness and mercy shall follow me all the days of my life: and I will dwell in the house of the Lord forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J.Res. 152. Joint resolution to provide for the payment of pages for the Senate and House of Representatives for the first session of the Seventy-third Congress.

MESSAGE FROM THE PRESIDENT

A message from the President announced that he did on March 24, 1933, approve and sign a bill of the House of the following title:

H.R. 3757. An act to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases.

LABOR, THE SWEATSHOP, AND THE ANTITRUST LAW

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein certain excerpts of a radio symposium on labor, the sweatshop, and antitrust law in New York City on April 9, 1933.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SWEENEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

[Reprint from the Gaelic American]

In the radio forum hour, broadcast over WOR on Sunday afternoon, April 9, the entire time was given to an instructive and

forward-looking symposium on Labor, the sweatshop, and the Antitrust Law.

The speakers were Mr. Jeremiah D. Maguire, president of the Federation Bank & Trust Co., which is recognized as the outstanding labor banking institution of the country; Prof. George J. Langley, of Pace Institute; and Hon. Leslie J. Tompkins, well-known New York lawyer and professor of law at New York University.

MR. MAGUIRE'S ADDRESS

Mr. Maguire reviewed the 30-hour week labor bill, designed to limit the hours of employment in production or manufacture of articles for interstate commerce, as passed by the United States Senate on April 7. Mr. Maguire said, in part:

"We must still recognize that the American worker should receive, for his labor, a rate of remuneration which will enable him to live according to the accepted American standard, and enable him, during the years of his normal working life, to lay aside at least moderate saving against the inevitable rainy day and against the years of old age."

Continuing, Mr. Maguire said: "We must afford to the manufacturer of the country sufficient latitude to so conduct his business that the business shall show a fair return upon the capital invested, after payment to the laborer of that fair wage which comports with our American standard of living." Mr. Maguire added that, "As the current earning statements of industry show a picture of normal profits, the bankers can normally fulfill, to appropriate extent, all the functions of bankers in taking care of the needs of industry."

PROFESSOR LANGLEY'S TALK

Professor Langley traced the history through its early phases of pre-Christian individualism, up into the best cooperative attainments of the guilds of the Middle Ages, and eloquently painted the picture of the forced competition and overexpansion and forced selling which led into the depression of the last 4 years. Professor Langley pleaded for the liberalization of outmoded legislation and the inauguration of a new era of social justice which would permit the United States to better fulfill her destiny.

PROFESSOR TOMPKINS REVIEWS CURRENT LEGISLATION

Professor Tompkins reviewed the proposals of current proposed legislation to this end, and said, in part: "Before proceeding to explain the provisions of the Senator David I. Walsh bill, may I refer to former Governor Smith's program for public buildings, in which it is proposed to spend upwards of two or more billions of dollars. Without a modification of our statute laws of today, all of the materials for construction must be produced under unbridled competition, which will result in a loss to the producer. Labor will be obliged to work at reduced rates and raw materials will be sold at unprofitable prices, in many instances below the cost of securing. The net result will be that the country is actually poorer at the completion of the program than it was at the commencement. On the other hand, were we to modify our laws in line with the suggested principles of the Walsh bill, be the appropriations small or great, the raw material will be sold at a fair price and the producer or manufacturer will be able to put in a schedule of cost that will include a fair wage for labor, earn a reasonable return upon his invested capital, and at the end of each day the country will be just a little richer and a little further along the road to prosperity. You may well say that this is not new, but not only must memory be recalled 'lest we forget', but we must act as well as think. Should you see the matter in the way we are presenting it, yours is the duty to urge our legislators in Washington and in State capitols to immediate action."

SENATOR WALSH'S BILL

"To us Senator WALSH's bill appears to afford the needed remedy. It provides for a commission to whom contracts between competing interests may be voluntarily submitted; that such interests may, within well-defined limitations, enter into contracts for the appointment of production and the regulation of price, provided the proposed agreement, with a statement of reasons therefor, be first filed with the commission; that the proposed contract shall be assumed to be in the public interest if it results in a fair wage to labor and fair compensation to producers of average ability and efficiency; and that no person a party to such contract may increase the price beyond the fair and reasonable profit fixed therein. Each industry has the responsibility of producing the facts relating to its own line of endeavor."

"During the year that this bill has been pending tens of millions have been expended in a vain endeavor to cure the evils of unemployment, but without going to the cause of the unemployment. The millions of workers out of employment have increased; the peril to the spiritual as well as to the material side of our national life has intensified, and the dollar of disbursement which was found in 1928 in the manufacturing industries pay roll of the United States has dropped to 36 cents in September of 1932."

Federal Trade Commission

Professor Tompkins then proceeded to explain the proposed enlargement of the Federal Trade Commission and its extension of powers, saying:

"The bill enlarges the present Federal Trade Commission from 5 members to 9, not more than 5 to be from the same political party, provides for appointment by the President, fixes salaries at \$10,000 a year, and gives the commission wide and discretionary powers."